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The Global Newspaper
Edited in Paris
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 18

No. 31,957

47/85

Published With The New York Times and The Washington Post

PARIS, MONDAY, NOVEMBER 18, 1985

Algeria... 6.00 Dn. Israel... 15.1700 Dn. Norway... 7.00 Ndk.
Australia... 20.5 S. Italy... 1.700 Lire. Oman... 6.700 Rds.
Austria... 13.00 S. Japan... 250 Yen. Portugal... 20 Esc.
Belgium... 45 Bfr. Korea... 250 Won. Qatar... 6.50 Rds.
Canada... 2.50 Cdn. Kuwait... 500 Fils. Saudi Arabia... 70 P.
Czechoslovakia... 20.00 Kcs. Lebanon... 1.500 L.L. Sweden... 7.00 Sfr.
Denmark... 8.00 Dkr. Luxembourg... 40 Bfr. Switzerland... 2.20 Sfr.
Egypt... 1.00 E.P. Macedonia... 100 Den. Taiwan... 1.00 N.T.
Finland... 7.00 Fmk. Malta... 200 M.L. Thailand... 5.00 Bt.
France... 6.50 F. Morocco... 20 Dirhams. Turkey... 1.00 Lira.
Germany... 2.50 DM. New Zealand... 2.75 N.Z. Dollar. U.S. Dollar... 1.00 \$.
Greece... 100 Dr. Norway... 7.00 Ndk. Yugoslavia... 20 D.
Hong Kong... 10.00 HK\$. Singapore... 1.00 S\$.
India... 15.00 Rupee. Taiwan... 1.00 N.T.

ESTABLISHED 1887



Red Cross workers labor to free a survivor from the mud covering Armero, Colombia.

Colombian Town Abandoned; Volcano Toll Grows to 25,000

ARMERO, Colombia — Helicopters began evacuating rescue workers Sunday from Armero, as hope was abandoned of finding more trapped survivors of the volcanic eruption last week that killed an estimated 25,000 people and

buried this town under a river of mud. Firefighters began burning bodies Sunday and dumping others into mass graves to diminish the threat of disease, and the Colombian government declared the area a consecrated ground, thereby con-

Armero's Tombs of Mud Frustrate Rescue Workers

By James Brooke
New York Times Service
ARMERO, Colombia — Benjamin Rojas stood on the roof of San Lorenzo Hospital and stared out over an expanse of gray mud. "Thousands of people are buried under there," he said Saturday. Pointing to a house-sized boulder, he added: "My family is under there."

Church Envoy Had Talks With Beirut Kidnappers

By Nora Boustany
Washington Post Service
BEIRUT — Terry Waite, a special envoy of the archbishop of Canterbury, said Sunday that he had met with the kidnappers of four Americans in Lebanon. He later left Lebanon to report to the archbishop, who is the spiritual leader of the Church of England, and to consult with U.S. officials.

INSIDE

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TOMORROW

The British-Irish agreement on Northern Ireland is risky and fragile for both countries.

Irish Opposition Chief Assails Accord on Northern Ireland

By Steve Lohr
New York Times Service
DUBLIN — Ireland's opposition leader, Charles J. Haughey, has attacked the agreement between Britain and Ireland to give Dublin a limited voice in the affairs of Northern Ireland, and he vowed to fight its ratification in the parliament.



Charles Haughey

The agreement is important because his party, Fianna Fail, is the largest single grouping in the Dail, Ireland's parliament. In a recent poll, Mr. Haughey led Garret FitzGerald, the prime minister, by 19 percentage points.

Mr. Haughey's opposition to the agreement is a greater threat to its long-term survival than to its ratification. The two parties in the governing coalition met Saturday and agreed to ratify the accord.

Mr. FitzGerald's Fine Gael Party and the Labor Party together hold 86 seats in the parliament, compared with 75 seats for Mr. Haughey's party.

Reagan, in Geneva, Hopes for 'a Start'; Soviet Attacks Weinberger on Arms

3 Key Issues On Agenda of U.S. Leader

By R.W. Apple Jr.
New York Times Service

GENEVA — President Ronald Reagan has arrived in Geneva for his meeting with Mikhail S. Gorbachev, the first encounter between the leaders of the world's two dominant powers in more than six years.

Mr. Reagan will spend about eight hours Tuesday and Wednesday conferring with Mr. Gorbachev.

For the Soviet leader, who was due to arrive Monday, arms control is the overriding issue of this conference, which is the 11th Soviet-American summit meeting since World War II.

For the president, that subject is only one of three major items on the agenda, along with human rights and the resolution of regional conflicts.

Western European leaders have invested considerable political capital in a successful outcome to the conference.

The French, the British and the Italians have all pressed the president to push for an arms agreement to prevent revived pacifism and anti-Americanism.

On Saturday afternoon, more than 10,000 demonstrators paraded in Geneva to call attention to their own agendas. Some wore masks, others carried placards bearing such legends as "Soviet Union out of Afghanistan" and "USA out of Central America."

Mr. Reagan, 74, has three years left in office. Mr. Gorbachev, 54, can reasonably expect to rule for a decade or two. Yet there is a certain convergence in the present goals of these two men, one of whom began his political career as an anti-Communist crusader and another who worked his way through the Communist ranks.

Mr. Reagan is eager to establish a reputation as a peacemaker. Mr. Gorbachev is eager to ease the burden of armaments on the Soviet economy so that he can press ahead with a broad program of change.

In Washington, in Moscow and in other capitals, the meeting is seen not only as a clash of ideologies but also as a contest between two formidable personalities.

Aides to Mr. Reagan say he hopes to persuade Mr. Gorbachev that the Kremlin view of the United States is incorrect. Soviet officials expect their man, who has established a reputation in public relations in his own right, to prove the more forceful and better-prepared of the two in their meetings.

"You know how things were in the Karpov-Kasparov chess match," said a Soviet official. "The younger man won. It will be the same thing in Geneva."

The mere fact that the two men are meeting signals a significant thaw in relations.

After a period of détente in the 1970s, the Soviet intervention in Afghanistan at the end of 1979 chilled the atmosphere, and the imposition of martial law in Poland led to a near-freeze between the two governments.

The deployment of American cruise missiles and Pershing-2s in Western Europe aroused as much

concern as the Soviet invasion of Czechoslovakia in 1968.

Mr. Reagan's visit to Moscow in 1983, his first since 1959, was seen as a sign of a new thaw.

Mr. Gorbachev's visit to Washington in 1985, his first since 1953, was seen as a sign of a new thaw.



President Ronald Reagan strolling Sunday after a strategy session at his Geneva residence. From left are Secretary of State George P. Shultz; Mr. Reagan; Robert C. McFarlane, national security adviser; and Donald T. Regan, White House chief of staff.

Soviet Grants Exit Visas to Spouses Of 8 American Citizens, 2 Others

New York Times Service

WASHINGTON — The Soviet Union, apparently in a gesture in advance of the Geneva summit meeting, has told the United States that it would give exit visas to some U.S. citizens' spouses who for years have been denied permission to leave, U.S. Department officials said.

One official said the Foreign Ministry's list of 10 names, handed to the U.S. Embassy in Moscow on Friday, included about a third of the long-separated spouses who remain in the Soviet Union.

The list includes Dmitri B. Argakov of Leningrad, husband of Mary Lou Hulseman of Cleveland; Tatiana U. Bondarev of Moscow, wife of Tony Bartholomew of Fountain Valley, California; Helle Frejusz of Tallinn, Estonia, wife of Kazimierz Frejusz of Pomona, California; and Mikhail Lesev of Leningrad, husband of Edith Luthi of Holliston, Massachusetts.

Marina F. Lepekhin, who is already with her husband, John Kopec, in Justice, Illinois, is included and is to receive Soviet

permission to stay in the United States.

Others on the list were Alexei P. Lodisev of Kiev, husband of Sandy Gubin of Kalamazoo, Michigan; Irina McClellan of Moscow, wife of Woodford McClellan of Ivy, Virginia; Leonid M. Obvasky of Leningrad, husband of Robin Rubenstein of Somerville, Massachusetts.

Ending the list were Abe Stolar, 73, a native of Chicago who was taken by his parents to the Soviet Union in 1931 and who has been trying for more than a decade to leave, and Mikhail Stukalin, 16, who will be allowed to join his mother in the United States.

According to State Department officials, the question of reuniting divided spouses has been one of the principal human rights issues on the agenda for President Ronald Reagan's meeting in Geneva with Mikhail S. Gorbachev.

Mr. Reagan also intends to raise the question of the thousands of Soviet Jews who seek permission to emigrate to Israel, as well as the release of political prisoners such as Anatoli Shcharansky and the amelioration of conditions for such activists as Andrei D. Sakharov. Mr. Sakharov is in exile in the city of Gorki.

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Abe Stolar

Leaked Letter Asks President For Vigilance

By Henry Tanner
International Herald Tribune

GENEVA — Spokesmen for the United States and the Soviet Union stated basically conflicting positions Sunday and pointedly refrained from predicting that the summit conference Tuesday and Wednesday between Ronald Reagan and Mikhail S. Gorbachev would be successful.

Soviet officials seized upon the printed version of a letter to the president by Defense Secretary Caspar W. Weinberger as an indication that the United States was not serious about reaching agreement on the limitation of nuclear arms.

Georgi A. Arbatov, a senior adviser to Mr. Gorbachev, accused Mr. Weinberger at a news conference of making a "direct attempt to torpedo the whole arms negotiations process."

In his letter, Mr. Weinberger said that Soviet violations of existing treaties "put us in a particularly vulnerable and dangerous position when these violations are compared with the sharp reductions in our requests for strategic defense funding."

Copies of the letter were obtained by The New York Times and The Washington Post and published Saturday.

Mr. Weinberger told Mr. Reagan: "You will almost certainly come under great pressure to do three things that would severely limit your options for responding to Soviet violations."

He listed the pressure points as: a demand to continue adherence to the SALT-2 strategic arms limitation treaty; restriction of missile defense research; and a Soviet proposal for a statement "that obscures their record of arms control violations by referring to the 'importance that both sides attach to compliance.'"

Mr. Arbatov said there could be no progress toward any kind of arms limitation unless both sides adhered to the treaties they had already signed.

Mr. Weinberger urged the president in his letter not to commit himself to a prolongation of SALT-2, which is due for a one-year extension next month.

Mr. Arbatov was one of four high-ranking Soviet officials answering questions for more than an hour in the main auditorium of the international press center serving the European headquarters of the United Nations.

The others were Leonid M. Zamyatin, the Communist Party Cen-

(Continued on Page 2, Col. 6)

Weinberger Reassures White House on Budget

By Gerald M. Boyd
New York Times Service

WASHINGTON — Defense Secretary Caspar W. Weinberger has assured White House officials that he has not sought to undercut President Ronald Reagan on legislation to balance the federal budget.

The assurance came at a meeting Friday with Donald T. Regan, the White House chief of staff. Some senior aides have said there was growing resentment within the White House over Mr. Weinberger's public criticisms of the proposal, a source of friction within the administration.

The defense secretary told a Senate subcommittee Thursday that he would recommend that President Reagan veto the proposal on a balanced budget, suggesting that it could endanger the nation's defenses.

Under the legislation, the president would be required to cut the budget drastically, probably including the military, to reach a certain deficit ceiling if Congress failed to provide an annual budget with the requisite cuts to reach a balanced budget by the end of the decade.

Several officials, who asked not to be identified, said they believed the defense secretary was playing into the hands of critics of the proposal by raising legislative obstacles to enactment of the proposal favored by President Reagan.

In addition, they said the defense secretary was making it easier for Congress to pass a version of the bill that the president would ultimately have to veto.

White House officials said that Mr. Weinberger had told Mr. Reagan he was not seeking to undermine the president but was, instead, trying to assure that military spending would increase in each of the next three years to levels al-



Caspar W. Weinberger

ready urged by President Reagan and agreed to by Congress.

Those levels would allow military spending to rise to make up for inflation in 1986 and increase to 3 percent above an inflation increase in 1987 and 1988.

In addition, the secretary had said that his remarks viewed in their entirety would support his contention that he was not undercutting the president and that his position had been misrepresented through only partial reporting of his statement.

Asked if the secretary's comments were counterproductive, a White House aide said: "You're damned right."

But Robert B. Sims, chief Pentagon spokesman, said it was "totally ridiculous" to suggest that Mr. Weinberger was attempting to undermine the legislation.

Meanwhile, the president vetoed a \$13-billion appropriation bill Friday, saying it showed the "failure of the budget process" and the "in-grained capacity to tackle the large budget deficit."

The bill included funds for the Treasury, the Postal Service and the White House.

U.S. Is Criticized on Broad Range of Issues by Russian Press

MOSCOW — The Soviet press criticized the United States on Sunday on issues ranging from space weapons and Asian security to alleged U.S. human rights abuses.

Articles in the Communist Party newspaper, Pravda, and by Tass, the press agency, expressed little hope that President Ronald Reagan's meetings with Mikhail S. Gorbachev would produce significant results.

Pravda said people longed for arms accords and improved superpower relations, "but at the very same time not one observer and not one newspaper expresses confidence that the American side is ready to take real steps along this road."

Tass said the United States still counted on military superiority over the Soviet Union and warned that, if necessary, Moscow would match Mr. Reagan's space-defense program.

He said, among other things, that Washington favors a discussion at Geneva of the issue of Soviet SS-20 missiles deployed in the Asian part of the Soviet Union, "the agency said. 'Meanwhile, it is common knowledge that it is not



Two Soviet officials, Leonid M. Zamyatin, left, and Georgi A. Arbatov, meeting the press.

the Soviet Union but the United States which has recently intensified its military preparations in the Asian-Pacific region," it said. "As far as the missiles in the Asian part of the Soviet Union are

concerned, they are deployed in precisely those numbers necessary to balance the U.S. potential in the region."

In another article, Tass accused the FBI of framing a case against Leonard Peltier, an American Indian jailed for murder whom the Soviet press often calls a victim of U.S. human rights violations. Tass described him as "a courageous American Indian leader who has

languished behind bars on trumped-up charges for eight years now."

Soviet Public Relations

Serge Schmemmann of The New York Times reported from Geneva: The Russians have maintained a hectic public relations schedule in Geneva since the first Soviet officials arrived last Monday.

At the Intercontinental Hotel, where the American briefings were to be held, workers were busy laying cable Friday for the press briefing room. At the International Conference Center, the Russians were busy giving briefings.

Their subject Friday was space-based defense, and a team of Soviet officials, led by Leonid M. Zamyatin, the Communist Party spokesman, and Georgi A. Arbatov, head of the Institute of the United States and Canada, preached, wise-cracked and tangled with about 300 journalists in town for the opening Tuesday of the two-day summit meeting.

On Wednesday, they defended the Soviet record on human rights; on Thursday they attended a lunch with 90 reporters; and on Saturday they were to hold a briefing on regional problems. Between those engagements the Russians put out the word that officials were available for interviews.

In contrast, a small American office at the International Confer-

ence Center was staffed only by press attachés brought over from Warsaw and Bonn, and no briefings were scheduled until Sunday.

American sources complained that the Soviet briefings were setting a combative tone on the eve of the summit meeting.

Mr. Arbatov denied that the Russians were gaining an unfair advantage. "You people talk much more," he said.

But in Geneva, the Russians seem to have a monopoly on talking for now, and much of the time they have displayed the kind of sophistication that has put a new face on Soviet public relations since Mr. Gorbachev came to power in March.

Though they have made few new points, the Russians have often shown wit in assailing Washington's positions.

Asked how Mr. Gorbachev was preparing for the meeting, Mr. Arbatov referred sarcastically to reports that Mr. Reagan was studying videotapes. "Mr. Gorbachev doesn't need 10-minute video clips to fill his attention span," he said.

At another point, parrying questions about shifting Soviet positions on Mr. Reagan's proposal for a space-based defense, an official pulled out a slip of paper to quote an Englishman from Voltaire: "I have never made but one prayer: O God, make my enemies ridiculous."

Philippine Rebels Are Home-Grown, Cautious, Self-Reliant

By William Branigin
Washington Post Service
MANILA — The long-running Communist insurgency in the Philippines has been billed lately as the "Reagan administration's Iran."

U.S. observers, old Asia hands for the most part, draw comparisons with Vietnam.

But for Filipinos closely involved in the insurgency, either in waging it or fighting against it, the closest comparison is with Nicaragua.

Except as a metaphor for a U.S. foreign policy crisis, Iran has little relevance here, and comparisons between the two countries have drawn reactions of surprise.

Less surprising, but still perplex-

ing, is word from the U.S. Congress that the Soviet Union is moving to exploit the turmoil in the Philippines by making contacts with the insurgents.

The Communist Party of the Philippines and its armed wing, the

NEWS ANALYSIS

New People's Army, have been seeking foreign support for years in their battle against the government of President Ferdinand E. Marcos. By all accounts, however, they have received little.

Rebels and military sources say none has come from the Soviet Union, which has angered the Philippine Communists by trying to curry favor with Mr. Marcos.

According to Communist publications and interviews with rebels and their supporters, the Communist rebellion is a home-grown movement that borrows concepts and doctrines from a variety of sources but tends to be cautious. It places great stock in its self-reliance.

Comparisons between the Philippines and Iran generate more differences than similarities.

The Philippines is a predominantly Roman Catholic archipelago where disciplined Communist rebels have been fighting the government for 16 years.

In Iran, it was a largely spontaneous Islamic revolution that overthrew the monarchy. Opposition to the shah, an aloof figure, was

government faces a determined Communist insurgency, but the similarities seem to end there.

The Vietnamese Communists benefited from large-scale foreign support from the Russians and Chinese, had supply lines through neighboring countries and recourse to a powerful conventional army, the North Vietnamese regulars.

By contrast, the Philippines not only has an isolated insurgency, but the country also enjoys a democratic tradition that, although battered under Mr. Marcos, still appears salvageable and may yet provide an elected alternative.

In fact, there are indications that this is what the Communists fear most.

A former Spanish colony in which the Roman Catholic Church wielded great influence, the Philippines, on the face of things, would seem to have more in common with Nicaragua.

The Communists' own literature raises the prospect that, as in Nicaragua, the political struggle could outpace the armed insurgency if efforts to develop a "broad united front" against Mr. Marcos, including businessmen, professionals and political moderates, are successful.

It is a prospect that also taken seriously by moderate opposition and even some military sources.

Diosdado Macapagal, the former president, has warned for years that the Philippines could go the way of Nicaragua if Mr. Marcos remained in power.

"Unfortunately, there seems to

be a merging effort of the Communist Party with the legitimate opposition," Marine Colonel Rodolfo Biazon said recently in Davao. "I liken this to the situation of Nicaragua, where the non-Communist anti-Somoza factions allied themselves with the Sandinistas."

Among the Communists' primary aims now is the creation of a "broad united front" of opposition forces to complement the New People's Army guerrilla war with an "open, legal struggle," primarily in the cities.

In fact, some observers believe that the guerrillas, whose weapons are almost entirely captured from the Philippine military, may have great difficulty expanding their operations from hit-and-run raids to the more conventional battles envisioned in a "strategic stalemate."

"I think the NPA has gone about as far as it can unless it receives outside assistance," said a parish priest working in a remote area of Mindanao. "The NPA is simply outgunned — M-16s and bolos are not enough. A bolo is a long, heavy knife."

It is clear that the insurgents would welcome support from the Russians, or anybody else, but they tend to doubt that it will be forthcoming.

"The Russians have always looked at Marcos as a sincere nationalist who can be befriended," said a rebel supporter in Manila. "They look at the NPA as an adventurist movement."

Reagan Hopes for 'a Start'

(Continued from Page 1)

fury in Moscow as the Soviet actions aroused in Washington.

The period was epitomized by Mr. Reagan's description of the Soviet Union in 1983 as an "evil empire."

Since arms talks were resumed earlier this year, progress has been slow. Both sides have proposed cuts in their arsenals of strategic and medium-range missiles but major differences remain on how to count weapons and how to implement the cuts.

In addition, the Russians have seemed to rule out arms cuts until Washington agrees to halt work on Mr. Reagan's proposal for a missile defense based in space.

Mr. Reagan has talked a lot about regional conflicts. In his speech to the United Nations this month he emphasized such issues

almost to the exclusion of arms control.

He urged the Soviet Union to join the United States in solving the problems of Afghanistan, Cambodia, Ethiopia and Angola, all places where the United States wants Soviet or Soviet-backed troops to withdraw.

For its part, Moscow would like to curb American activities in Central America and the Middle East. The administration has implied that progress on arms control should be linked to regional conflicts, a proposition resisted by the Russians.

Mr. Reagan, like other recent presidents, hopes to use the summit meeting to press for an increase in emigration rights for Soviet Jews, for the removal of Soviet-American couples and for less harassment of Soviet dissidents.

Weinberger Calls For Vigilance

(Continued from Page 1)

tral committee's chief spokesman on international affairs; Colonel General Nikolai F. Chervov, a frequent spokesman on arms control; and Yegor P. Velikovsky, a nuclear physicist and vice president of the Academy of Sciences.

The White House spokesman, Larry Speakes, earlier had pointed out that Mr. Weinberger's views on SALT-2 had been known publicly before his letter to the president was leaked to the newspapers.

The secretary's remarks, he said, were contained in a cover letter accompanying a Pentagon review of the 1972 Anti-Ballistic Missile treaty requested by the president.

Robert C. McFarlane, the president's national security adviser, said at his own news conference that the leak of Mr. Weinberger's letter was "unfortunate."

He declined to predict what the president's decision about SALT-2 was going to be.

Mr. McFarlane stressed what he described as deep-seated differences that existed between the two sides.

The president, he said, viewed his meeting with Mr. Gorbachev as "an opportunity for an exchange on the full spectrum of the differences between our two countries."

He said that the Russians were attempting to force the United States to make "a choice between defending our friends and allies or maintaining a central balance in strategic systems between ourselves and the Soviet Union."

His remarks referred to the Soviet proposition that U.S. medium-range Pershing-2 and cruise missiles in Europe must be counted as part of U.S. strategic weaponry, and that the United States therefore must choose between reducing either its cruise and Pershing missiles or its intercontinental land and sea-based weapons.

Mr. McFarlane said that talks between Soviet and U.S. experts during the last few days had narrowed the differences between the sides on "several of the bilateral issues."

Mr. McFarlane and the four Soviet officials who preceded him on the stage of the press center restated in summary form the respective armament proposals made public by the two sides over the past months.

Mr. Velikovsky, asked about the U.S. Strategic Defense Initiative program for a space-based defense, answered that there were in effect two U.S. programs.

The first, he said, was Mr. Reagan's initial declaration calling for an impenetrable shield that would make offensive nuclear weapons obsolete.

The Soviet Union regarded this as unattainable. But, he added, there was a second idea that called for a partially effective shield that would increase the United States' first-strike capability and thus lead to further destabilization.

The Soviet news conference was disrupted for several minutes when a Soviet dissident, Irina Grivina, who left the Soviet Union three weeks ago, engaged the Soviet officials in a shouting match.

She asked for news about Anatoli I. Koryagin, a psychiatrist who, she said, was dying in a Soviet labor camp after recently starting his fourth hunger strike.

Mr. Zamyatin said that there were "no political prisoners" in the Soviet Union. He said he was not familiar with Mr. Koryagin's case.

WORLD BRIEFS

Soviet Agriculture Minister Removed

MOSCOW (Reuters) — The agriculture minister, Valentin K. Mesias, has been relieved of his post and appointed Communist Party chief for the Moscow region, the Tass press agency reported.

Tass said Saturday that Mr. Mesias had replaced Vasili I. Kononov, 69, who was retired, as the party boss for Moscow. Mr. Mesias was the 15th minister in the Soviet government to lose his job since Mikhail S. Gorbachev became party leader in March.

In a separate report, Tass said that a deputy prime minister, Leonid V. Smirnov, 79, had been retired. Mr. Smirnov, who had held his job for 22 years, was the second deputy prime minister in two days to lose his post. Tass said he was replaced by Yuri Maslennikov, a deputy chairman of the state planning agency. On Friday, Tass announced the replacement of the deputy prime minister in charge of material and technical supply, Nikolai V. Martynov, 75, by Lev A. Voronin, 57.

U.S. Says Nicaragua Has Mi-2 Helicopters

WASHINGTON (WP) — Soviet bloc countries have recently stopped shipments to Nicaragua, including at least two Polish Mi-2 helicopters, that can be armed to protect ground troops, according to U.S. officials with access to intelligence reports.

The helicopters, which have the Western alliance code name of Hoplite, were landed at the Cuban port of Mariel, officials said, and then loaded on Nicaraguan cargo ships. This continued the new pattern of Warsaw Pact countries taking their cargoes only as far as Cuba, officials said.

U.S. officials outlined the latest spurt of shipments to Nicaragua as part of the Reagan administration's campaign on behalf of the counter-revolutionaries, or "contras," who are fighting the Sandinist government there. The administration maintains that the Nicaraguan government is supplied and backed by Soviet bloc countries.

Winnie Mandela Defies Police Order

CAPE TOWN — Winnie Mandela, the black nationalist leader, continued to defy a police order to return to internal exile Sunday.

She remained at a hotel in Cape Town near the hospital where her husband, Nelson, the leader of the outlawed African National Congress, is recovering from prostate gland surgery. Her lawyer, Ismail Ayob, said that Mrs. Mandela would stay in Cape Town until her husband returned to prison.

Mrs. Mandela refused to return to the remote Orange Free State township near Bredafont to which she was banished in 1977.

In Johannesburg, police said that two people were shot dead Sunday when blacks attacked a police car and a private home. In overnight violence in black townships police blacks died in clashes with police, they said.

(Reuters, UPI)



Winnie Mandela

Rightist Wins Mayoralty in Brazil Vote

RIO DE JANEIRO (NYT) — Eight months after Brazil returned to civilian government, a former president, Junio Quadros, has been elected mayor of São Paulo with the support of rightist forces long identified with the former military government. The elections were the first free of military control in 21 years.

Mr. Quadros's victory in the country's largest city was a setback for the Brazilian Democratic Movement Party, which for two decades opposed military rule and now is the dominant partner in the governing coalition that supports President José Sarney. His defeat of Fernando Henrique Cardoso, considered a potential presidential candidate for the Democratic Movement, could have major implications for general elections next year, the remodeling of Mr. Sarney's cabinet and the structure of political parties in Brazil.

However, the Democratic Movement took a majority of the 200 mayoralty votes at stake, reaffirming itself as the country's largest party. It won in 11 of 23 state capitals and was ahead in six others. It also suffered one other key defeat. In Rio de Janeiro, the candidate backed by the state's Socialist governor, Leonel Brizola, won easily.

Cairo Tells 7 Nations of Alleged Plots

CAIRO (Reuters) — Egypt has informed seven European and African envoys of alleged Libyan terrorist plots in their countries, the Interior Ministry said Sunday.

It said Interior Minister Ahmed Rashed had met with the ambassadors of Britain, West Germany, France, Greece, Italy, Austria and Nigeria in the past few days and informed them of details of the alleged plots.

The ministry statement said the information was obtained in confessions from four men, identified by the authorities as Libyans, who were detained last week for questioning in what Cairo said was a plot to kill Libyan exiles living in Egypt. The statement described the confessions as "highly important and serious" but did not elaborate.

UN Sanctions on Pretoria Blocked

UNITED NATIONS, New York (NYT) — The United States and Britain have vetoed a resolution that would have imposed mandatory economic and trade sanctions against South Africa for its failure to carry out a 1978 UN plan to establish an independent South-West Africa, or Namibia.

France abstained in the vote Friday night, while 12 of the Security Council's 15 members supported the measure. Despite attempts by Western members of the council to remove the references to mandatory sanctions to which U.S. and British representatives objected, India and Peru refused to compromise, according to diplomats.

The resolution called for oil and arms embargoes and bans on all new investment, new government and bank loans and credit guarantees. It also would have prohibited all export credit guarantees for shipments to South Africa and Namibia; importation of South African and Namibian uranium, and the sale of Krugersands.

For the Record

Spanish air traffic controllers decided Saturday to begin a 48-hour strike Monday after talks with the government failed to produce an agreement on their demand for a pay raise, union officials said. (Reuters)

The U.S. Food and Drug Administration has reached an agreement in principle with aspirin makers to require warnings linking the drug and Reye's Syndrome in children, congressional sources said Friday. The disease, which sometimes follows treatment of viral infections with aspirin, can cause coma, brain damage and death. (LAT)

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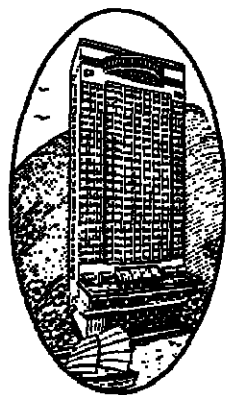
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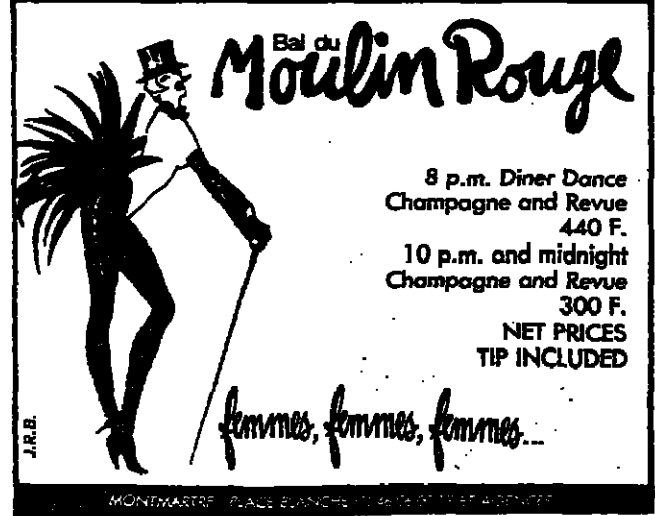
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AMERICAN TOPICS

Summits and Politics:
Small Opinion Shifts

The summit meeting with Mikhail S. Gorbachev is unlikely to strengthen or weaken President Ronald Reagan's political position at home. This conclusion comes from a Washington pollster, William R. Hamilton & Staff, which analyzed Gallup Poll records of presidential approval ratings before and after nine summit meetings since 1955.

Twice there was a measurable gain: President Richard M. Nixon after the 1972 Moscow meeting (9 percent) and President Dwight D. Eisenhower after the 1955 Geneva meeting (4 percent).

Two other times, popularity declined: President Gerald R. Ford's by 6 percent after the 1974 meeting in the Soviet Far East city of Vladivostok and President Lyndon B. Johnson's by 5 percent after the 1967 meeting in Glassboro, New Jersey. After all five other U.S.-Soviet summit meetings, shifts in presidential approval ratings were so small as to be statistically insignificant.

A new poll on Mr. Reagan himself, taken from Nov. 6 to Nov. 10 by The New York Times and CBS News, found that Mr. Reagan's popularity rating remained high. Sixty-five percent of the people interviewed from Nov. 6 to Nov. 10 approved of his handling of his job while 26 percent disapproved. The approval rate matched that found in January and July. Mr. Reagan has exceeded that rate in Times-CBS News polls only once, when 67 percent approved of him in April 1981, after he was shot.

Short Takes

Hydrilla, the weed that chokes waterways, has been fought in the Potomac River around Washington with herbicides, underwater harvesters and even electric lights to kill it by disrupting its normal light-dark cycle. In California's Imperial Valley, sterile carp, which weigh up to 50 pounds (about 22 kilograms) and eat up to twice their weight in weeds each day, are being put to work against the weed in irrigation canals. The carp are sterilized to keep them from reproducing and crowding out game fish like catfish and bass.

Bennington College in Vermont has the highest tuition in the United States, \$17,210 for the 1983-84 school year, but has

been in debt for years. One reason is its student-teacher ratio, which at eight to one is the lowest in the country. Another, President Michael K. Hooker says, is that Bennington, conceived in 1925 but not opened until 1932, is only 53: "Happily, most of the alumni are still alive. Since money for endowment usually comes from people's wills, that has made it hard for us. But we now know of several million dollars in bequests that will come to us, if we hang on."

Notes About People

William Proxmire, turned 70 years old this month, and has spent half those years in the U.S. Senate. The Wisconsin Democrat says that of the changes over 35 years, "one interesting difference is behavior," adding: "The first night I was here, a number of senators were literally intoxicated. I haven't seen any senator who has shown the slightest sign of being influenced by liquor on the floor in the last six or seven years."



William Proxmire

Michelle Phillips, 41, is telling the story of the sometimes less than harmonious offstage lives of the Mamas and the Papas, the 1960s rock group whose music was once described as "whipped cream and champagne." Written with Derek Taylor, the book is titled "California Dreamin' — The Music, the Madness, the Magic That Was" and is due out in May.

Andy Warhol, 57, the Pop Art pioneer, was signing copies of "America," his new book of photographs, when a woman snatched his trademark platinum wig and fled. The artist pulled up the hood of his parka and continued autographing.

—Compiled by
ARTHUR HUGBEE

After Agony of Rescue, the Trapped Are Left to Die

(Continued from Page 1)

roared down an Andean canyon and exploded into Armero, on the low land. On Friday, signs of the force of the avalanche could be seen everywhere. The torrent had slipped trucks like toys against houses, and a mud-filled blue Renault had smashed through a cement supporting column at the hospital.

Near the hospital, three nurses who had tried to flee lay dead in an ambulance, crushed by a falling palm tree.

"There are dead under our feet," a survivor, Oscar Ariza, said, pointing to the first floor of the hospital, where an estimated 30 doctors, nurses, and patients were entombed by a mass of mud.

Exhausted rescue workers were frustrated by their powerlessness to rescue the living.

"There are many people trapped out there alive, but they are going to die," said Leopoldo Guevara Sepulveda, a civil defense worker, who by midday was directing rescue operations from the hospital roof. "The mud is 12 and 16 feet out there and we can't get to them."

Close to noon, a group of 30 survivors was sighted struggling to reach the safety of the hospital.

"Grab the wires," men on the roof shouted. By hanging onto the dead telephone and electrical lines it was possible to avoid drowning in the quicksand of the mud.

The haggard survivors carried children or sacks of possessions on their shoulders as they picked their way past ruined houses, trying to walk on fallen tree trunks and sheets of corrugated roofing iron. Parents tried to turn the gaze of their children away from two bod-



Omayra Sanchez, 13, submerged to her neck in water in the rubble of her house in Armero, died Saturday before she could be dislodged, despite three days of rescue efforts.

ies lying half-submerged near the hospital walls.

After the group was pulled to safety, rescue workers were distracted by a report of a man trapped alive on the first floor. The stairs to the first floor disappeared

into a pool of black water, but a doctor, Gustavo Adolfo Ordonez, gathered workers on the second floor and asked them to listen. From below, a faint tapping could be heard.

Within minutes, workers with

pickaxes were sending up clouds of concrete dust and sparks as they dug a man-sized hole in the floor. Dr. Ordonez attempted to talk to the trapped man.

"I can move, but there's water up to my neck," the man, who identified himself only as Fernando, said weakly.

By late afternoon, workers were still trying to free the man, who had been trapped for 40 hours.

On a hospital bed Saturday in nearby Managua, volcanic sand still caked in her hair, Blanca Olivia Ochoa de Prada lay worrying how to feed her two sons without her husband's salary of \$20 a week.

"I don't know if he is alive or dead," Mrs. Ochoa de Prada said quietly. Her husband, Alfonso Prada, worked in the rice fields of Armero.

Mrs. Ochoa said she last saw him Wednesday when an avalanche of mud and rocks burst into their one-room cinder-block home in Armero. Gropping in the darkness, she grabbed her children and rode out the torrent — "that moving swamp," she called it — clinging to an uprooted tree.

The avalanche may have pushed many people like her over the edge of poverty into destitution. Across Latin America, cities are ringed with shantytowns built by the survivors of similar catastrophes: droughts in Brazil, floods in Peru, civil war in Central America, and earthquakes up and down the Andean chain.

"We just had a bed, a gas stove and plastic plates; now we have nothing," Mrs. Ochoa de Prada said, lying under a cheaply woven blanket. "We only escaped with the clothes we have on our backs."

In Colombia, as in most of Latin America, government welfare is al-

most nonexistent, and only family ties provide a safety net in times of emergency.

An only child, Mrs. Ochoa de Prada lost both her parents when she was 9 years old. Her parents, also farmers, were killed in political violence in the mid-1950s.

Newspapers on Saturday started printing lists of names of the injured, with the hospitals where they were confined. But Mrs. Ochoa de Prada, 39, said no one would be looking in the newspaper for her name. She and her husband never learned to read or write.

Any work she is likely to find in this region would generally pay less than the subsistence wage her husband earned in the rice fields.

Mrs. Ochoa de Prada's older son had been enrolled in elementary school. The school was swept away by the mud flow.

Without money to pay for rice and beans, much less school books and materials, Mrs. Ochoa de Prada did not believe that she could afford to allow him to continue studying.

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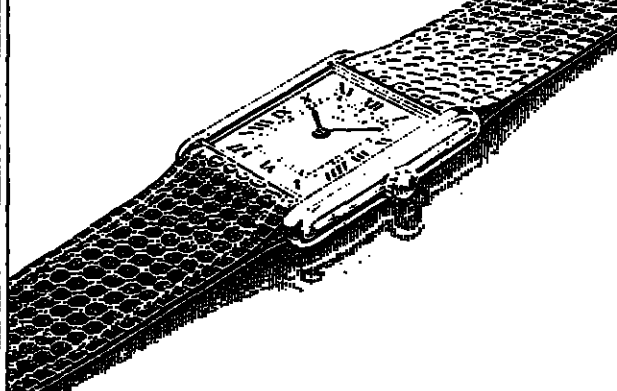


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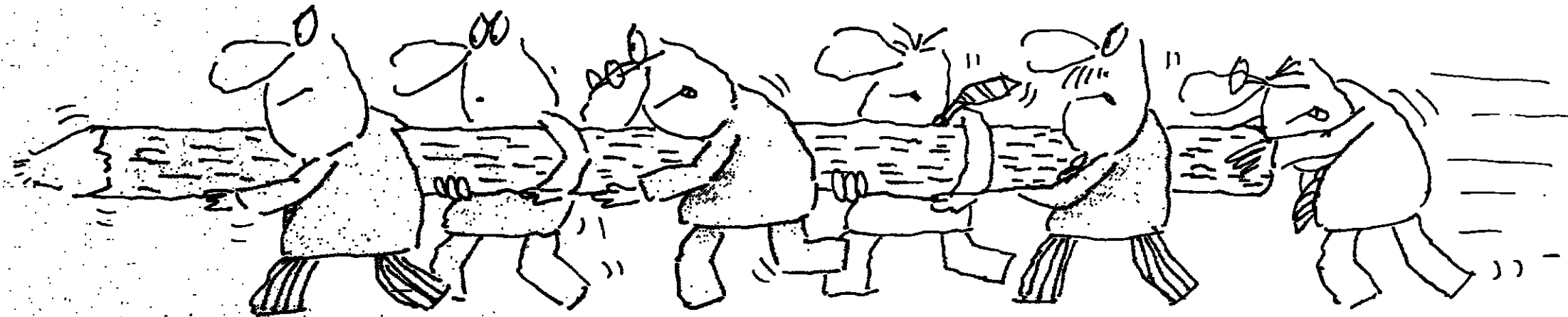
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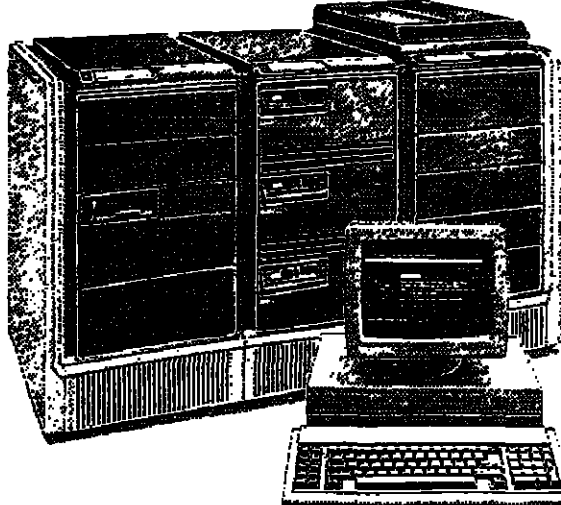
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Reagan, Gorbachev Meeting: A New Approach in History of Summits



Dwight D. Eisenhower met with Nikita S. Khrushchev in Geneva in 1955; Richard M. Nixon greeted Leonid I. Brezhnev in California in 1973; and John F. Kennedy and Khrushchev conferred in Vienna in 1961.



By David Hoffman
Washington Post Service

WASHINGTON — The sessions between President Ronald Reagan and Mikhail S. Gorbachev on the shores of Lake Geneva on Tuesday and Wednesday — the first meeting of the top U.S. and Soviet leaders since 1979 — mark a significant break in the history of superpower summit meetings.

Mr. Reagan is taking a different tack than his recent predecessors. Presidents Richard M. Nixon, Gerald R. Ford and Jimmy Carter used summit meetings to negotiate specific arms control agreements, resulting in the SALT-1 and SALT-2 accords of the 1970s. Mr. Reagan says he does not want to dictate in Geneva in this way but seeks to "eliminate the distrust" characterizing relations between the United States and the Soviet Union during his presidency.

While some earlier summit meetings ended with major agreements on nuclear weapons, this one is expected to conclude with the signing of minor accords and leaving negotiations on arms to the U.S. and Soviet teams that have been meeting in Geneva.

A former adviser to Mr. Nixon, Helmut Sonnenfeldt of the Brookings Institution, said, "This is the first summit in six years, so it should not be compared to the kind of summit we had in the 1970s." Those meetings, he said, "came at the end of extremely intensive periods of negotiation."

Mr. Reagan is starting a new chapter in another sense — the Gorbachev era, which could stretch to the end of the century, has just begun. While six U.S. presidents have preceded Mr. Reagan to the summit during the last 30 years, only two Soviet leaders have done so. Those meetings: Leonid I. Brezhnev, who attended five, and

Nikita S. Khrushchev, who held four.

This meeting also could mark the beginning of a new phase in superpower summitry if Mr. Reagan and Mr. Gorbachev agree to hold a second meeting, or regular meetings, as Mr. Brezhnev once proposed. The 10 summit meetings since World War II were generally held

at haphazard intervals, except for three consecutive meetings in the Nixon era.

Summit sessions have produced varied results, ranging from the Paris meeting that collapsed in 1960 after an American U-2 spy plane shot down a Soviet plane to the major accords on strategic arms signed in the Nixon, Ford and Carter years.

The emphasis has changed, too. Meetings involving Presidents Dwight D. Eisenhower and John F. Kennedy stressed reducing international tension caused by such controversies as the reunification of Germany and the Berlin blockade. By the 1970s, arms control was the prime topic.

Paralleling growth in the superpowers' nuclear arsenals, there also has been a shift from the emphasis in Eisenhower's presidency on multilateral summit meetings.

In contrast with the Geneva meeting of 1955, when Eisenhower stood shoulder-to-shoulder with the leaders of Britain and France,

the allies have been left on the sidelines in 1985 and are to be briefed by Mr. Reagan in Brussels afterward.

The shift to emphasizing strategic arms control on the agenda was highlighted at the 1967 meeting that was hastily convened at Glassboro State College in New Jersey between President Lyndon B.

Johnson and the Soviet prime minister, Alexei N. Kosygin. There, Robert C. McNamara, then secretary of defense, tried to persuade Kosygin that Moscow's system of anti-ballistic missiles threatened to widen the arms race. The discussion eventually led to the Anti-Ballistic Missile Treaty of 1972.

Mr. Nixon met with Brezhnev three times, and summit meetings became more ambitious undertakings, producing major agreements on strategic arms. Mr. Nixon also tried to use summit meetings to extricate the United States from Vietnam and pressure the Russians with his diplomatic opening to China, but the strategy was undermined by the Watergate scandal and Mr. Nixon's resignation in August 1974.

Later that year, it fell to Mr. Ford in Vladivostok to reach a tentative agreement with Brezhnev that laid the groundwork for SALT-2. The Reagan administration has

Reagan is taking a different tack from his recent predecessors by saying he does not want to use the meetings to negotiate arms control agreements, seeking instead to eliminate distrust between governments.

Allies Are Cautiously Optimistic About Outcome at Geneva

By William Drozdiak
Washington Post Service

BRUSSELS — The first summit meeting between American and Soviet leaders in six years has awakened fresh hopes among U.S. allies that Washington and Moscow may be groping toward tangible improvements in the East-West climate after the collapse of détente bred a phase of dangerous tensions.

The rapid consolidation of power by Mikhail S. Gorbachev within eight months of assuming the Soviet leadership has buoyed hopes that the Kremlin is now controlled by a man driven by the need to modernize his nation and to do so by nurturing a more stable relationship with its chief foreign rival.

The coincidence of Ronald Reagan's second presidential term, following four years of rebuilding American power and prestige, has convinced many allies that he will focus the rest of his tenure on burnishing his credentials as a peacemaker.

Now that Mr. Reagan finally has a vigorous counterpart in Moscow who shares his concern about public image, the allies feel both leaders may be motivated to act in ways more keenly attuned to a global yearning for civil dialogue between the superpowers.

The Reagan administration's awareness that it faces a more formidable contest for hearts and minds in the Gorbachev era has been reflected in frequent consultations with the allies before the summit meeting Tuesday and Wednesday in Geneva.

Besides Mr. Reagan's meeting with five leaders of industrialized democracies in New York last month, foreign and defense ministers from the North Atlantic Treaty Organization have held separate sessions in Brussels to ensure that Mr. Reagan goes to Geneva with the full support and solidarity of the allies.

Mr. Reagan's response to the Soviet proposal Sept. 30 that would cut strategic nuclear weapons by 50

percent was greeted with approval and relief in European capitals.

Mr. Reagan immediately held intensive talks with NATO allies on how to respond to the proposal, although these talks resulted in contradictory responses from the Reagan administration.

In New York, Western leaders had warned Mr. Reagan about letting Mr. Gorbachev set the pace for the summit conference with his wide-ranging offer, and they were reassured that the United States had seized the upper hand on arms control by diverting attention from Moscow's proposal.

This was done during October, when the U.S. president said constructive relations with the Soviet Union depended on easing U.S.-Soviet rivalries in the Third World. He also proposed giving assurances to the Soviet Union that it would negotiate any proposed deployment of new defensive strategic weapons and give five to seven years' notice before deploying such arms unilaterally.

The common desire among Western nations and Japan to see the summit talks instill more predictability and understanding in the Soviet-American dialogue has inspired them to submerge apprehensions about Mr. Reagan's vision of a space-based missile defense and the influence of Pentagon hawks who doubt the worth of arms control.

Instead, the allies have displayed a striking consensus, at least publicly, behind the U.S. administration's tactics in its approach to the Geneva meeting.

Concerned about the political risks of a disappointing outcome, the allies have joined the United States in seeking to lower public expectations that the meeting might lead to a conceptual breakthrough that could set guidelines for an early accord at the Geneva negotiations on nuclear and space weapons.

"I am being prudent about what I expect," Prime Minister Bettino Craxi of Italy told parliament, ex-

pressing sentiments of other leading Europeans. "I do not wholly discount an agreement and I would consider a breakthrough in progress."

"I think it would already be a great result," Mr. Craxi continued, "if the summit effectively opened up a period of dialogue, if it created a different atmosphere of greater mutual trust."

Chancellor Helmut Kohl of West Germany has acclaimed the fact that the summit conference was taking place as a vindication of his repeated pleas for more intensive East-West contacts. Although Mr. Kohl, too, has sought to minimize the stakes at Geneva, his advisers say he is acutely aware that Bonn's hopes for closer relations with East Germany depend to a large extent on the evolution of U.S.-Soviet ties.

Like Prime Minister Margaret Thatcher of Britain, Mr. Kohl is eager to show that his friendly rapport with his fellow conservative, Mr. Reagan, can have an impact on U.S. policy and bring to bear Europe's desire for further relaxation of tensions with Moscow. Britain and West Germany also share a particular interest in promoting an East-West agreement to reduce chemical weapons stocks in Europe. Officials in both countries believe that Mr. Reagan and Mr. Gorbachev might be able to make more substantial headway in that area rather than in forging an agreement on nuclear weapons.

"They are not going to get a settlement" on nuclear arms, predicted a British official who closely reflects Mrs. Thatcher's thinking. What Britain seeks, he added, is "a real impetus to the arms control process; the object is to break the logjam."

If nothing else, Britain and other allies would applaud a bilateral accord on consular or cultural exchanges, or a joint agreement for regular high-level meetings between the superpowers. "If that's all it does, it would be a slightly disappointing but worthwhile end," said a Foreign Office diplomat in London.

U.S. government officials reported Thursday that the United States and the Soviet Union have completed drafting such a cultural-exchange agreement.

France, which last month hosted Mr. Gorbachev's first visit to the West as Soviet leader, has kept its distance before the summit meeting to underscore its independent foreign policy. President François Mitterrand rebuffed Mr. Reagan's invitation to meet with him and other allied leaders in New York last month.

"We have already had our own summit with Gorbachev," said Dominique Moïse, associate director of the French Institute for International Relations.

"There is general indifference among public opinion about what is seen as another media event," he said. "We fear little and hope for little."

Political analysts cited another reason for French aloofness as that government's determination not to give Moscow an excuse to include French nuclear arms in the overall Western nuclear arsenal at the Geneva negotiations. Paris has countered this longstanding Soviet demand by insisting its nuclear force remains truly autonomous.

While the allies acknowledge public interest is so great that arms control is bound to dominate the agenda, they have supported U.S. intentions to raise other issues such as human rights and regional conflicts.

An exchange of views on regional conflicts, such as Afghanistan, the Middle East or southern Africa, is unlikely to yield much progress, according to officials in various European capitals.

The probable result, a British diplomat said, is "a pretty unproductive discussion in which the two sides are talking over each other's shoulders."

Despite New Proposals, Standby Drafts, Neither Side Expects Arms Accord in Geneva

The Arms Proposals: A Balance Sheet

Figures compiled by the House Committee on Foreign Affairs.

	Current Balance		Soviet Proposal, Oct. '85		U.S. Proposal, Nov. '85	
	U.S.	Soviet	U.S.	Soviet	U.S.	Soviet
Intercontinental ballistic missiles (ICBM's) and submarine-launched ballistic missiles (SLBM's)	1,630 (1,030 ICBM's) (600 SLBM's)	2,352 (1,398 ICBM's) (954 SLBM's)	815 Applies 50 percent cut across the board using U.S. figures. Soviet Union counts all U.S. strategic and medium-range systems at 3,360 and Soviet ones at 2,500 (not including SS-20's). Using Soviet figures, 50 percent cut would result in 1,280 systems for U.S. and 1,250 for Soviet Union.	1,176	1,250-1,450 Freedom to mix between ICBM and SLBM launchers.	1,250-1,450
ICBM and SLBM warheads	7,598 (2,130 ICBM's) (5,468 SLBM's)	8,830 (3,420 ICBM's) (5,410 SLBM's)	6,000 Only 3,600 of any one type, 6,000 limit also applies to gravity bombs and short-range attack missiles (U.S. rejects this inclusion)	6,000	4,500 No more than 3,000 on ICBM's.	4,500
Heavy bombers	263	480 Includes 300 Backfires. Soviet Union says this is not a strategic bomber.	131	90 Backfires not included	350	350 Includes 300 Backfires.
Air-launched cruise missiles	1,176	200	0	0	1,500	1,500
Missile throw weight*	4.4 million pounds	11.9 million pounds	Not included	Not included	Not to exceed 6 million pounds	Not to exceed 6 million pounds
New systems			Ban on new types of ICBM's, SLBM's and heavy bombers. Soviet Union has not defined what it considers to be new types		Ban on all new heavy ICBM's and mobile missiles, including Soviet SS-16 modernization and replacement plans. Soviet SS-24 and SS-25 mobile missiles, and U.S. Midgetman mobile missiles.	
Medium-range launchers	134 Pershing 2's and ground-launched cruise missiles (one warhead each)	270 SS-20's in Europe plus 171 in Asia for total of 441 (3 warheads each)	No Pershing 2's. 100 ground-launched cruise missiles	243 SS-20's in Europe plus a freeze on SS-20's in Asia, currently at 171	140 ceiling on Pershing 2's and ground-launched cruise missiles	140 SS-20's in Europe and 89 in Asia, totaling 229
Medium-range bombers	254 (198 F-111's and 56 FB-111's)	553 (includes Backfires)	127 Derived from applying 50 percent cut to U.S. figures	276	Willingness to discuss restraints	

* Weight that can be fitted off and carried onto target.
The New York Times

By Leslie H. Gelb
New York Times Service

WASHINGTON — With new proposals advanced on both sides, the United States and the Soviet Union are in a position for a general accord on limiting offensive and defensive nuclear arms. But the assessment remains on both sides that an agreement will not be reached.

Nonetheless, key Reagan administration experts have prepared standby drafts that call for 50-percent cuts in strategic and medium-range forces and for restricting space defenses to "research" consistent with existing treaty obligations.

But it is doubtful whether President Ronald Reagan and Mikhail S. Gorbachev will use these drafts and agree on general principles or guidelines for arms control negotiations.

It depends on whether they are prepared either to make significant mutual concessions, which officials on both sides say they doubt, or to downplay their differences on critical details by making rhetorical compromises, the value of which is debated by officials on both sides.

Basically, prospects for agreement at the summit meeting in Geneva turn on the two leaders themselves — on their overall goals and strategies, on their sense of history, on their personalities, on their domestic pressures and on how each man will react on the spot to the dramatic moment of the talks.

The two leaders' predecessors, faced with similar opportunities and dangers, generally shied away from bold strokes. The major treaties on limiting offensive arms, reached in 1972 and 1979, were modest and temporizing.

The briefing book for Mr. Reagan contains sections on the arms control proposals, on relative bargaining chips and positions, and on strategies. His advisers also have ideas on terms of agreement.

Moscow advanced a new proposal in October, and Washington countered with one in early November. The proposals established the idea of 50-percent reductions in strategic or intercontinental-range missiles and bombers, as well as a separate agreement on medium-range forces in Europe with cuts in the 50-percent range.

There was no discernible movement toward agreement on space-based defenses against nuclear missiles, which Mr. Reagan sees as the moral and necessary path to the future. Mr. Gorbachev contends that it will lead to a new and more dangerous arms race.

Thus, the kernel of the bargaining deadlock remains. According to Moscow, there can be no deep reductions in offensive strategic forces

until the United States abandons all efforts to develop "space strike weapons." Washington maintains that deep cuts should be made in offensive forces now, even as the two sides try to figure out how to phase in defenses as offenses are phased out.

Officials on both sides neither anticipate nor want their leaders to address the details. Administration officials differ on whether Mr. Reagan should even try to compromise on generalities.

Defense Secretary Casper W. Weinberger and

his aides say that to agree only on general principles or guidelines would seriously prejudice subsequent negotiations on the all-important details.

To them, it would be buying a moment of glory in Geneva at a high cost. Their idea of talking with Soviet officials while agreeing to nothing has been more or less adopted publicly by the Reagan administration.

The secretary of state, George P. Shultz; Paul H. Nitze, the senior arms control adviser; and Robert C. McFarlane, the national security adviser, are said to be privately pondering possible agreement on guidelines for the arms negotiations.

Those officials are said to believe that Mr. Reagan could secure agreement on some key principles for cuts in offensive weapons. To achieve that, he would have to lower his rhetoric on anti-missile defenses, talk only about research and agree to negotiate on what constitutes acceptable research.

Such negotiations would be long and drawn out, and the Russians could be pressed during that time for separate agreements on offense.

The guidelines on cuts in offensive weapons, which essentially would state areas of broad agreement, are said to look like this:

• Cut all strategic missiles and bombers by 50 percent. Just what is "strategic" would be left vague. Washington could say that the guideline referred only to intercontinental forces, and Moscow could say it included U.S. forces in and around Europe that could launch a nuclear strike against the Soviet Union.

Moscow is expected to concede this point eventually, but to ask for something in return.

• Set a common ceiling of 6,000 nuclear weapons. Washington could continue to maintain that this included only missile warheads and long-range air-launched cruise missiles. Moscow could say it included bombs and airborne short-range attack missiles as well.

Reagan to Seek Soviet Help In Ending Conflict in Gulf

New York Times Service

WASHINGTON — The Reagan administration has decided to propose to the Soviet Union at the Geneva summit meeting that the two nations use their influence to try to bring an end to the Iran-Iraq war, administration officials said.

The officials said Saturday they thought that Moscow and Washington had a common interest in seeing the fighting stopped in the Gulf war, which has been going on for more than five years.

But there was a recognition, a senior official said, that any Soviet-American cooperation on the issue probably would have to be in parallel and not in concert, given the sharp differences between the two sides on almost all regional world matters. They said they were hoping for some statement at the end of the summit meeting by the two leaders calling for a negotiated end to the conflict.

One official said there had been pressure from Arab nations on both the United States and the Soviet Union to seek an end to the war.

Some Arab countries urged that Washington and Moscow

join as co-sponsors of a UN Security Council resolution to end the fighting. But the United States rejected the idea, officials said, because it felt this would have no impact on Iraq, which regards the United Nations as dominated by those hostile to it.

Richard W. Murphy, the assistant secretary of state for Near Eastern and South Asian affairs, will be in Geneva during the summit meeting, in case his expertise is needed in the negotiations. He then will go to the region to brief key leaders on the talks.

Regional issues are due to be discussed on Wednesday morning by Mr. Reagan and Mr. Gorbachev, although they could come up earlier.

Given the refusal to date of Iran to consider any negotiated accord that does not include the resignation of the Iraqi president, Saddam Hussein, there was no optimism that any Soviet-American approach might work.

But one official said those in Iran who want an end to the war might seize upon the fact that Moscow and Washington have agreed on the need for a cessation of fighting to argue their point of view.

Henry A. Kiss
Reagan's Ch

By Henry A. Kissinger

Reagan's Chances of Negotiating an Accord at Geneva: If Not Now, When?

PRESIDENT Ronald Reagan has gone to Geneva in a strong negotiating position. He has the opportunity to turn an episode in history into a breakthrough.

He is the beneficiary of an unmatched degree of public confidence; his Strategic Defense Initiative has unlocked the arms control talks; he finds the Soviet situation highly fluid and potentially malleable. This is not because General Secretary Mikhail S. Gorbachev smiles more easily, or because his wife wears Gucci shoes, but because objective conditions in the Soviet Union would seem to require a relaxation of tensions.

After 70 years of rule by "scientific socialism" the Soviet form of government remains more akin to the binding personal relationships found in medieval feudalism than to the constitutionalism found even in a modern corporation.

The Soviet economy is threatening to spin out of control, as the pronouncements of Soviet leaders themselves make clear. The real cost of manufactured goods is unknown, all prices are fixed by the state, and goods move by central allocation rather than markets. Corruption, sloth and inefficiency emerge not as aberrations, but as inevitable attributes of the system.

And soon the growing information technology will confront the Soviet system with new dilemmas. Where the control of information is considered the key to political power, cassettes, video machines and computers become threats to political control, rather than technological opportunities.

Mr. Gorbachev requires no sentimental commitment to Western notions of peace to conclude that his country cannot simultaneously sustain fundamental reform and heightened international tensions. But for him reform poses a Hob-

son's choice. He can seek to improve the performance of the existing structure even though central planning provides too few incentives, and allows too little spontaneity to be compatible with high technology, innovation or superior quality.

On the other hand, more fundamental reforms introducing incen-

has simultaneously pursued three approaches:

(a) He has cultivated the appearance of a new type of Soviet leader — appealing to Western predilections to reduce historical conflicts to a clash of personalities.

(b) He has downplayed political tensions as the cause of conflict.

(c) He has focused the Soviet

bodied in the Brezhnev doctrine that proclaims all Soviet possessions as sacrosanct and everything else as subject to pressure or subversion. The attempts to eliminate from the diplomatic agenda Afghanistan, Cuban troops in Nicaragua and Africa, and Soviet support for guerrilla movements and terrorists, have the practical consequence

counterproposal to ban mobile missiles. The 50-percent reduction would still leave more than enough warheads to assure civilian devastation and thereby guarantee the continued growth of nuclear pacifism in the West. The principal significance of the Soviet offer is to demonstrate that the nuclear dilemma cannot be solved by a reduction of offensive forces alone; for that a defensive component is essential.

CRITICS have continued to urge a "compromise" that allows strategic defense research but prohibits any deployment of defensive forces. If this should be the outcome it will mark the end of SDI even as a bargaining chip. Congress would be deeply divided about whether to appropriate funds to a controversial program; the military services would be ambivalent about diverting expenditures to what cannot be deployed; the allies would oppose any approach toward deployment. The Soviets would refuse to negotiate about it once the offensive limitations are in place. A formal distinction between research and deployment abandons the defensive option; particularly since it will be Mr. Reagan's successor rather than the author of the SDI who will have to make the decision to deploy.

Having, in effect, committed itself to permanent vulnerability, how does the West then maintain public support for a strategy of mass extermination? And what does it tell the Soviets about our resolve if they can outmaneuver us at the time of their greatest uncertainty?

The West would be hardly doing even the Soviets a favor were it to succumb to the current Soviet agenda. If experience is a guide, we have not heard the last Soviet word. Given his necessities, Mr. Gorbachev might in time agree to a real, even historic change of political

and strategic relationships and to a serious discussion of the relationship between offense and defense. But he will have no incentive to do so while the West is mesmerized by the most transparent Soviet proposals and arranges periodic reprieves while the Soviets sort out their domestic problems. The Soviet leadership has no motive for a radical change unless it can prove to itself that the existing course is not working. And there will never be a better time for a fundamental change — or at least for producing conditions conducive to change — than with a new Soviet leadership far less encumbered than it will be over time by existing policies and facing considerable domestic pressures. In other words, if not now, when?

THE risk Mr. Reagan runs at Geneva is not failure but irrelevance. He has a good prospect to achieve some progress; the question is whether future generations will think it commensurate with the opportunity. There are in fact three fundamental issues for the summit: How to prevent or contain regional conflicts.

How the superpowers can conduct their relations so as to respect and not impinge on each other's vital interests.

How in the field of arms control to relate offense to defense while reducing the level of both and diminishing the incentive for nuclear war.

These issues cannot be resolved at one summit. But they cry out for a definition of their nature and a work program for their resolution. Both leaders should state their disagreements and how they propose to resolve them. Each would thereby maintain his principles while charting a road to the future. What followed would determine whether the summit was an episode or a breakthrough.

Will Mr. Gorbachev accept such an approach? Mr. Reagan can insist. And if Mr. Gorbachev has a historical perspective, he should be tempted by the only responsible way to reduce the risk of a conflagration into which both sides could slide because they lacked the wit to step off the treadmill — a conflagration that, in the end, would so exhaust the combatants that world



leadership would pass into new hands. If Mr. Gorbachev refuses, we will know that his personality and Soviet domestic structures condemn us to a continuation of existing patterns, if at a temporarily lower level of tension. Then we must take care to hold aloft the torch of peace but also make sure that the desire for peace cannot be used to blackmail the free into abandoning their sense of justice.

So what lies before Mr. Reagan is the choice between a tempting but largely irrelevant outcome or a new departure that points the way to a better future.

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There will never be a better time for a fundamental change than with a new Soviet leadership far less encumbered than it will be over time by existing policies and facing considerable domestic pressures.

ties and markets would surely generate a titanic domestic struggle requiring all of Mr. Gorbachev's authority and attention. Faced with the choice between potential stagnation and potential turmoil, Mr. Gorbachev has every incentive to seek a relaxation of international tension.

But he must achieve this relaxation in a manner that does not magnify his domestic complexities. The forces in the Soviet Union that favor economic reform do not necessarily favor flexibility in foreign policy. To overcome party resistance Mr. Gorbachev will have to gain support from institutions that put efficiency above prerogatives and have access to more or less reliable information from abroad: the military, as shown in an article by the former chief of staff, Nikolai V. Ogarkov, may support economic efficiency as a prerequisite of military strength; the secret police, the KGB, may see in reform a means to control social unrest. But these very institutions are also the most reluctant to constrain Soviet geopolitical and strategic options.

THESE conflicting requirements dictate the thrust of current Soviet policy. Mr. Gorbachev

diplomatic offensive on arms control, especially on eliminating the U.S. Strategic Defense Initiative in return for a 50-percent cut in offensive forces.

Mr. Gorbachev has been extraordinarily successful in imposing these themes. Western media and the pronouncements of Western leaders reflect a rapid fascination with the new Soviet personality, coupled with suggestions that he is entitled to some unilateral concessions to reassure him. Mr. Reagan's major speech at the United Nations calling for a settlement of political conflicts has been greeted by most of our allies — and many U.S. commentators — as "widening" the summit agenda and thereby a diversion from the goal of arms control. And the same combination of allied governments and American intellectuals wedded to the outdated arms control concepts of the 1960s has sought to present the president's Strategic Defense Initiative as an obstacle and to reduce it to insignificance by confining it to research.

COMMON sense suggests that the principal causes of tensions are political. Chief among them is the Soviet proposition en-

of maintaining the option of renewing pressures when Soviet domestic weaknesses are overcome.

The Soviet attitude toward arms control reflects the same attempt to maintain all existing options. The most revolutionary new concept in that field, the defense initiative, has been battered by an unremitting assault whose intensity has obscured the one major breakthrough SDI has already achieved: the Soviet readiness to discuss arms reductions on a heretofore unprecedented scale.

The Soviet offer to cut offensive forces by 50 percent is nevertheless one-sided, and not primarily because its provisions are loaded in the Soviet favor, a problem that could be remedied by negotiation. It is one-sided above all because it contains nothing to ameliorate the elements threatening nuclear catastrophe. It does not reduce the danger of surprise attack because so long as each missile carries several warheads there will always be more warheads than launchers, and as numbers decrease a first strike will grow even more tempting because fewer targets need to be attacked.

This danger has been magnified by the incomprehensible American

Nicaragua To Break Ties With Taiwan

By Stephen Kinzer

MANAGUA — Nicaragua will break relations with Taiwan soon and allow the Beijing government to open an embassy here, senior foreign diplomats said last week.

The Nicaraguan government's decision, which has not been announced officially, would be the most significant result of a diplomatic campaign undertaken by Beijing in Latin America in recent months.

Prime Minister Zhao Ziyang is touring the region and already has signed a commercial agreement with Venezuela, pledged to increase trade with Argentina and expressed interest in buying military equipment from Brazil.

A Chinese delegation visited Mexico last week to pursue plans for a \$200-million mining project there.

In the last four months, China has succeeded through diplomatic efforts in persuading two other nations in the Western Hemisphere to break ties with Taiwan and recognize Beijing. Bolivia did so in July, and Grenada followed at the end of September. Nicaragua would be the first country in Central America to take such a step.

The region has been regarded as one of Taiwan's last bastions of diplomatic support. Taiwan has fully accredited embassies in Guatemala, El Salvador, Honduras, Costa Rica and Panama.

Although strongly anti-Communist, Taiwan has been providing aid to the leftist Nicaraguan government since soon after the Sandinistas came to power in 1979. It previously aided the rightist regime of Anastasio Somoza.

Much of the aid sent from Taiwan to Nicaragua since 1979 has been used to run a large experimental farm in the northern province of Matagalpa. Diplomats said Nicaragua probably would seek aid from Beijing to compensate for the loss of assistance from Taiwan.

Ruling Party Posts A Large Victory In Taiwan Voting

TAIPEI — The ruling Kuomintang, or Nationalist Party, apparently unaffected by two major scandals this year, has scored an overwhelming victory in Taiwan's local elections.

The Kuomintang, which has ruled Taiwan since 1949, led opposition candidates by wide margins in Saturday's elections for a provincial assembly, city councils, mayors and county magistrates posts. It won nearly 80 percent of the 200 offices contested, a party spokesman said.

The opposition Tangwai groups won only 17 seats, or a loss of three, in the 77-member assembly.

The Kuomintang spokesman described the victory as an indication of continued confidence in the ruling party by Taiwan's 19 million people.

The Kuomintang won despite two scandals. Three of Taiwan's top intelligence officials were involved in the murder of a dissident writer, Henry Liu, in California.

Additionally, a banking scandal brought down the Cathay business empire in February and forced the resignation of the economics minister, Hsu Li-teh, and his successor, Loh Jen-kong.

V.K. Wellington Koo, Taiwan Diplomat, Dies at 97

NEW YORK — Dr. V.K. Wellington Koo, 97, a Nationalist Chinese diplomat, a former Chinese prime minister and a signer of the United Nations Charter, died Thursday at his home.

In 40 years of diplomatic service, Mr. Koo was ambassador to France from 1936 to 1941 and to Britain from 1941 to 1946. He then served as ambassador to the United States until 1956, when he became a member of the International Court of Justice in The Hague. After leaving the court in 1967, he became a senior adviser to the president of Taiwan.

Fluent in English, French and German, Mr. Koo became English secretary to the president of the newly established Republic of China in 1912, after he received his master's degree from Columbia University. He specialized in international law.

He served briefly as prime minister, foreign minister and finance minister of China in the 1920s and '30s.

John J. Sparkman, 85, Vice-Presidential Nominee HUNTSVILLE, Alabama (NYT) — John J. Sparkman, 85, the Democratic vice-presidential nominee in 1952, died Saturday of a heart attack.

Mr. Sparkman, an Alabama Democrat, served 42 years in Congress before retiring in January 1979. The son of a tenant farmer, he was first elected to the Senate in 1946 after serving for 10 years in the House of Representatives.

He was one of the early populists to come out of the South and made his greatest legislative mark as an advocate of public housing while serving as chairman



V.K. Wellington Koo

sciences, semantics and a range of other subjects. He was part of a small group of advisers who helped Mr. Roosevelt shape the New Deal.

During the Depression, his main thesis was the inevitability of a planned economy. He used "A New Deal" as the title for a book he published in 1932.

Other deaths

Marshal Alexander L. Pokryshkin, 72, a Soviet fighter pilot who was credited with having shot down 59 German planes in World War II, and was a former government official, it was announced Friday in Moscow.

William L. Pereira, 76, an architect whose California landmarks include the Transamerica Corp. pyramid in San Francisco and the planned community of Irvine, Wednesday of cancer in Los Angeles.

2 Syrians to Join Soviet Space Trip

MOSCOW — Two Syrians have begun training for a space mission with Soviet cosmonauts, the official press agency Tass has reported.

A Tass report from Damascus quoted Mohammed Zuhair Mahshara, Syria's vice president for internal affairs, as saying that the two unidentified men will travel into space very soon.

Neither report gave details about the mission.

Cosmonauts from the six East European countries in the Soviet bloc, and from Vietnam, Cuba, Mongolia, India and France have conducted joint missions with the Russians.

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Agreeing to Keep Trying

A Soviet-American summit is not a duel. If Ronald Reagan and Mikhail Gorbachev expect to wound each other in Geneva this week by force of argument or personality, they are wasting their time. Both are riding high politically and can easily survive a propaganda battle about human rights or Third World revolutions. And both are shielded by bureaucracies that will protect them against making any damaging concessions.

Mr. Reagan and Mr. Gorbachev meet not as gladiators but as captains of formidable military teams. The summit meeting will be a success only if they can envision new rules to restrain their rivalry. If they cannot, both lose. The summit meetings of the past 30 years show that it is difficult but not impossible to spell out restraining rules. Rules written to manage the military confrontation in Europe have been largely successful, even in "normalizing" the awkward divisions of Germany and Berlin. The rules to limit the stockpiling of nuclear weapons have constrained the arms race — but now are being overrun by technology and suspicion. The quest for rules to demilitarize competition in the Third World has failed. Attempts to promote Soviet-American collaboration in commerce, science and culture have been fitful and sterile.

The Reagan-Gorbachev summit meeting thus amounts to a confession that the rule-making process has ground to a halt. Both sides have been angrily disappointed, and the reasons for this are instructive.

As Mr. Reagan emphasized on the way to Geneva, Americans expect better relations with Moscow to blossom into expanding exchanges of ideas and peoples, advances for human rights and tolerance for international diversity. But to the Soviet rulers, these aims sound subversive. They prefer a controlled détente that advances the Soviet economy and ratifies their standing as an equal world power. Yet to Americans, that in turn sounds like insistence that they acquiesce in totalitarianism and betray freedom.

With every impulse toward agreement, therefore, have come new fears and hostilities. And the disappointments of the last decade have shown that only progress in arms control can to some extent relieve the tension. For the arms race so institutionalized mistrust that

other issues become unnegotiable. If there is to be progress in Geneva at all, it must begin with progress toward a stand-down in arms.

With the arms race now reaching toward outer space, is a stand-down still possible? Most assuredly yes. Is it likely to be proclaimed this week from Geneva? Probably not.

The possibility lies in the symmetry of grievances. Mr. Reagan accuses the Russians of destroying the détente of the Nixon years by pursuing ever more threatening missiles and pursuing a military advantage with which to divide and weaken the democracies. Mr. Gorbachev accuses Mr. Reagan of abandoning arms control and speeding the pace of military spending to bankrupt the Soviet Union.

Mr. Reagan's great fear has been that America's land-based missiles are becoming vulnerable to a first strike by the much larger force of Soviet land-based missiles. Unable to match this Soviet force even with a trillion-dollar defense buildup, the president finally countered in 1983 with the threat to build a "star wars" missile defense. Mr. Reagan says it is only research for a futuristic shield protecting all nations, but the Pentagon's undisguised objective, at least for this century, is a missile defense to neutralize most Russian missiles.

Surely this threat explains Mr. Gorbachev's new offer. He will greatly reduce his offensive weapons if the United States guarantees not to deploy missile defenses. If he cannot get such an accord, the Soviet leader will certainly vow this week to match Mr. Reagan's weapon for weapon. But he also will proclaim a preference for an agreement that lets him shift scarce resources to rebuilding his economy.

In its present form, the Soviet offer is unacceptable. But it implies a bargain that should interest the president: to trade off a costly and dangerous quest for defensive weapons for the significant and stabilizing arms reductions that Americans have long advocated. If Mr. Reagan agrees, at least in principle, to cash in his "star wars" chips, the two leaders might be able to shake hands on an effort to negotiate in earnest until they meet again next year.

They will get no awards for accomplishment until the second meeting. But they will be judged harshly if they fail even to try.

—THE NEW YORK TIMES.

Toward Peace in Ulster

The Irish-British accord announced Friday is the result of painstaking, high-level negotiations over Northern Ireland. The bloodshed in Ulster, the current phase of which began in 1969, has exhausted all sides: the British people, most of whom are tired of paying the financial, emotional and casualty costs of supporting an army in the province; the people of the Irish Republic who want unification but know that continued violence in the north prevents it; and the people of Northern Ireland, Protestant and Roman Catholic, who yearn for an end to the shootings and the bombings that have caused more than 2,500 deaths in the six counties.

The agreement does not change the status of Northern Ireland as a part of the United Kingdom. It does, however, create a permanent Anglo-Irish Intergovernmental Conference with representatives from Britain and the Irish Republic, which will serve as a forum to deal with political, legal and security matters and encourage cross-border cooperation. Initial meetings will concentrate on relations between the armed forces and the minority community and on strengthening public confidence in the administration of justice. Eventually, the conference will consider the long-range political future of the province, though both governments agree that there will be no reunification of Ireland without major-

ity consent in the north. The forum will have no actual governing power and does not supersede the government in place. But as a first step toward settlement of the very questions that have engendered what amounts to an insurrection, it is more than a symbol.

Hard-liners on both sides in Ulster will complain. Intransigent Protestants will object to any role for the Republican government, and Catholic extremists want nothing less than full reunification. But parliaments in Westminster and Dublin are expected to give quick approval, and both governments are pledged to be steadfast against internal resistance.

Ironically, the framers of the pact are especially concerned about the reaction to the agreement in the United States, for without strong U.S. support for this peaceful step, they fear, money and arms will continue to be funneled from America to the most violent factions in Ulster. It is difficult to understand why any American would prefer to finance the continuation of armed conflict when an important step toward peace is a reality. Strong statements supporting the agreement have already come from President Reagan, House Speaker Thomas P. O'Neill and scores of congressional friends of Ireland. This support should reassure these longtime allies that the Americans applaud their step toward peace.

—THE WASHINGTON POST.

Other Opinion

A Condition for Survival

Both superpowers have to learn that parity is not a breathing space on the way to one or the other's victory. It is the condition of the world's survival. A two-day meeting between two men [who are] already scarcely well-disposed toward each other, is not the occasion to address this fundamental problem. But potentially it is a step toward such a discussion, which will be neither easy nor quick but cannot be indefinitely postponed.

—The Observer (London).

President Reagan would be right to reject an offer from [Mikhail] Gorbachev to cut nuclear forces in return for dropping the Strategic Defense Initiative. Mr. Reagan's desire to

make the world less vulnerable to nuclear holocaust deserves rather more serious consideration than most Western commentators have been prepared to give it. And the Russians are already working hard on an SDI of their own.

—The Sunday Times (London).

Mr. Reagan and Mr. Gorbachev lead countries with profoundly different views of politics, economics, history and the future. For as long as anyone can foresee, they will be in competition for the hearts and minds of the rest of the world. The best that anyone could hope for from Geneva would be the faint glimmerings of ways to compete without blowing one another up.

—The Los Angeles Times.

FROM OUR NOV. 18 PAGES, 75 AND 50 YEARS AGO

1910: 'Alien Gold' for Irish Home Rule
LONDON — The Standard says: "If it were not for the subsidizing of the Nationalists from the United States, there would not at this moment be a Constitutional crisis in the United Kingdom. When John Redmond [the Irish Nationalist Party leader] undertook his Western trip, he was told that it was useless for him ever to come to America again and ask for subscriptions until he had made Home Rule an accomplished fact. He has been made to understand that he has been given his last chance of enlisting American support. These two hundred thousand dollars are not to be melted away with nothing to show for them. Their subscribers want value for their money. Home Rule is bad enough, but Home Rule bought with alien gold is a degradation which ought to be a little more for the spirit of Englishmen."

1935: A U.S.-Canadian Trade Treaty
WASHINGTON — The reciprocal trade treaty between the United States and Canada was made public [on Nov. 17]. The treaty establishes a lower tariff for 767 American exports to Canada, in return for which the United States accords Canada a lower tariff on 53 major products, which will probably aggregate more than 100 separate tariff classifications, and places several Canadian products on the duty-free list. President Franklin D. Roosevelt summarized the pact at the White House. He hailed it as a "revolution in the trade relations between the two countries." He stressed that the larger part of American export trade with Canada is covered by the treaty, while concessions made by the United States affect commodities which accounted for about two-thirds of imports from Canada in 1929.

A Checklist For Judging Summit XIV

By William Safire

GENEVA — How do you judge a summit meeting? What criteria do you use before saying, "They got more out of this in world opinion than we did," or, "We sure avoided another Yalta?"

Here in this neutral city, where paring protesters are already heaving firecrackers for peace, it is clear what the standards should not be.

1. Did the leaders get along well? They will and they won't. It is in the interest of both to say publicly that the other was tough and businesslike, while saying privately that the other is burdened by hard-line ideological hangups. To the extent that hand-shake photos conceal deepening differences, the personal touch can hurt.

2. Did this summit meeting, the 14th between the two countries, reduce tensions? Another phony criterion: America's purpose is not merely to reduce tension, but to get at the cause of tension. For example, the Soviet invasion of Afghanistan caused President Carter to impose a grain embargo and suspend cultural ties; President Reagan lifted the embargo and now proposes to resume people-to-people visits — but the rape of the Afghan people goes on. In this case, "reduction of tension" is not a success, but an admission of the impotence of impatience.

3. Was a breakthrough achieved in arms control? That was already achieved when the Russians seized "star wars" as an excuse to drop their insistence that America not respond to their deployment of new missiles aimed at Europe. The Russians are pressing to make this a pure arms-control summit meeting, seeking a major concession to perpetuate their offensive advantage.

4. Did we break the ice by getting into the agreement-signing habit? Agreements lie in diplomatic drawers to be dragged out for ceremonial signings. They range from high-sounding statements of principle to agreements to open consular offices — as if one needed a solemn occasion to learn to shake hands.

5. Did we agree, at least, to meet again, on a regular basis? This sounds normal and sensible and is a mistake. A summit meeting should be an acknowledgment of progress in humdrum diplomacy, and a political stimulus to bureaucrats, not an annual circus to celebrate stalemate.

Having averted false criteria, what standards can we set for success?

1. Was a connection made and accepted that behavior in one field cannot be separated from all others — in other words, did linkage triumph over arms control isolation? America cannot expect the Soviet Union to change dramatically on suppression of dissidents, expansion of espionage or export of subversion. But it can keep up the pressure at all points, regarding progress with trade goods and dollars of détente.

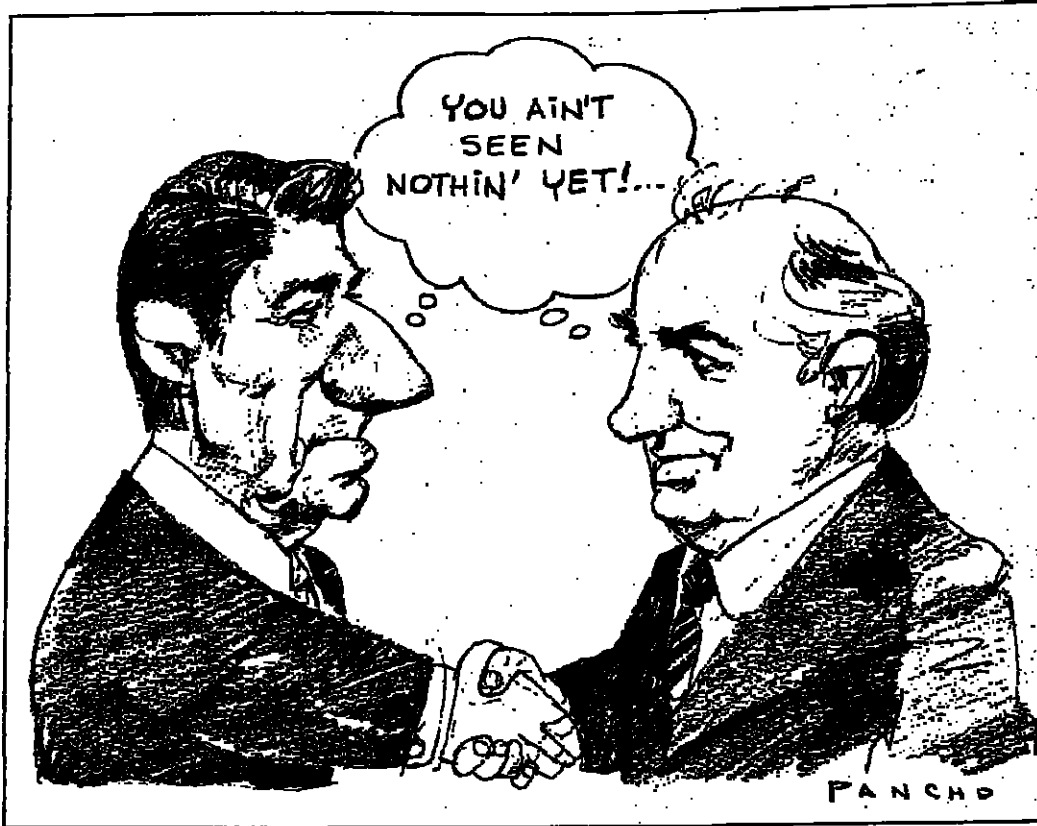
2. Was the first glimmering of realism shown on arms reduction? Mr. Gorbachev's protracted denunciation of space-based defenses has provided him with the fig leaf he needed to return to the bargaining table without the removal of American Pershing-2 missiles from Europe. If he chooses to freeze on the "star wars" issue, that will demonstrate his internal political weakness; but if he faces reality, the long process can resume. The measure of America's success is in its perseverance.

3. Was any damage done? Secret agreements that invited later disputes, dangerous misreadings of the will of the opposition and simple blundering have marked several parleys. The would-be healers of the Hippocratic oath: "Do no harm."

4. Did it provide the cover for real movement? Summit meetings give leaders the chance to pretend to less on their distrust of each other. That is why Mr. Reagan talks naively of reassuring the Russians that America means them no ill, seeming to accept the notion that Soviet expansion is rooted in fear of the United States rather than their own desire to dominate. In the past, this has bred contempt; it is now hoped that the psychological concession will provide an opening for Mr. Gorbachev to use inside the Kremlin, if he wishes to reduce the Red Army's influence.

Using those criteria, this summit of sinking expectations might produce a modest gain for both sides. As I kept trying to explain to Talleyrand: Even in a world of linkage, not every phony has to be somebody else's minus.

The New York Times.



Geneva: A Grand Deal to Be Made

By Stephen S. Rosenfeld

WASHINGTON — A grand deal lies there waiting to be made at the summit meeting. A deal that would make everything else look a bit easier. It involves keeping work on strategic defense within bounds of treaty and reason and planning deep cuts in strategic offense. It glimmers on the horizon at Geneva.

It may still be glimmering after Geneva. The Russians are going into the summit meeting in the kind of hard, hysterical bargaining mode that cost them dearly on the missiles in Europe, where everyone later could see how overwrought and artificial their hysteria had been. And it seems that the value of such a grand deal is still in contention in President Reagan's mind and among his aides.

So there is real drama over what will come out of the summit talks. Attention inevitably has fixed upon the two leaders' personalities and public skills. Mr. Gorbachev has been playing good cop, bad cop: first earnest and peace-seeking, then pushy and "Russian." Mr. Reagan is being scrutinized for his alertness and command of his brief; critics also question his capacity to stand up to the suspected bawling he may receive from the vigorous and perhaps somewhat mean new Kremlin leader.

Still, on the American side, there are some surprises. It is not news that American liberals are troubled by the familiar rigidities of the president's political style. Even in that quarter, however, there is an expectation of — certainly a hunger for — honest dialogue between Mr. Reagan and Mr. Gorbachev. This is based on appreciation of the president's honesty and

By Stephen S. Rosenfeld

guidelines, and of the clarity that comes from being older and beyond petty ambition. It is as if these positive personal traits might offset what are seen as the negative features of the president's ideology.

Even more intriguing is the trace of anxiety among administration loyalists. Some conservatives seem genuinely alarmed by the thought that Nancy Reagan and Mike Deaver may induce the president to make crowd-pleasing concessions in order to come out of Geneva as a "peace president."

Mr. Reagan himself has seen fit these last few days to remind people that he had much negotiating experience as president of the Screen Actors Guild.

The president had hoped to go to Geneva riding the crest of a wave of confidence created by his restoration of American pride and power over the last five years. Instead, he is caught in a wave of frustration created by his decimation of the integrity of the nation's budget.

Moscow was supposed to be feeling a cautious economic squeeze on its military spending and, beyond that, a systemic squeeze on its fitness for technological competition. Perhaps it is feeling a squeeze, quietly.

But the budget crisis that has overtaken Mr. Reagan, conspicuously, just as he heads to Geneva threatens to take a big bite out of his own military plans.

An optimist might say that there has been established precisely the condition of mutual and somewhat balanced vulnerability that is most

conducive to a broad political understanding. If the two leaders can lift their sights and take a long view.

A pessimist would point to the newness in office and the evident inexperience of Mikhail Gorbachev, and to the seemingly boundless faith that Ronald Reagan shows in the correctness of his own economic policy and in the automatic advantage of the American system. The conclusion would have to be that it does not much matter that each is in a bind.

An optimist would take a restrained cheer in the condition of hard-earned stalemate that marks most of the regional disputes where the two countries are engaged. Theoretically, stalemate could translate into a tacit, gradual diminution of the scale of exertion on both sides.

Practically, however, to de-escalate is inconsistent with a policy of winning and seating a favored regime, as Moscow seems intent on doing in Afghanistan, and Washington on doing in Nicaragua. The different proposals in circulation to twin treatment of these places have a formal symmetry and not much else.

Forty years of experience have instilled the mutual habit of making sure that Soviet-American competition does not cross a nuclear threshold. But the notion of substantially diminishing or ending competition of these two evangelistic global systems seems beyond reach. The habit of cooperating below the nuclear threshold, to reduce the costs and perils of competition all around, is weak. Making it a bit stronger is the work of the Geneva talks.

The Washington Post.

No Relief From the 'Logic' of Deterrence

By John Ausland

OSLO — Around the world, there is hope that somehow Ronald Reagan and Mikhail Gorbachev can find a way to ease people's fears of nuclear weapons. Yet even if the Geneva meeting were to lead to a drastic reduction of nuclear stockpiles, the basic situation would be the same.

Smaller nuclear stockpiles might cost less. There would be less danger of accidents or unauthorized firing. But the nuclear powers would continue their preparations for nuclear war.

Officers at the headquarters of the U.S. Strategic Air Command, near Omaha, Nebraska, do the key American nuclear planning. A group called the Joint Strategic Target Planning Staff has at its disposal, for planning purposes, about 10,000 warheads.

Field commanders also prepare plans for the nuclear weapons for which they are responsible. In Europe there is General Bernard Rogers, the supreme commander of the North Atlantic Treaty Organization forces there. When the reductions in the NATO stockpile now under way are complete, he will have about 4,000 U.S. warheads in his inventory.

At his headquarters in Florida, General Robert C. Kingston is responsible for military planning for the Gulf area of the Middle East. You can assume that his contingency plans include a nuclear dimension.

It used to be impossible for the public to know much about nuclear planning. But in recent years, a number of researchers have published books and pamphlets on the subject. Mostly they have written about the

SIOF, the Single Integrated Operational Plan. This is the plan of the Joint Chiefs of Staff for the possible use of America's strategic forces: the air force's ballistic missiles and heavy bombers, and the navy's ballistic missile submarines.

SIOF planning begins with a directive from the president via the secretary of defense to the joint chiefs, who then prepare a somewhat more detailed directive to the planners in Nebraska. Taking into account the nuclear weapons available to them, they revise the existing SIOF and report back to top officials.

To test the procedures for executing the SIOF, the joint chiefs conduct periodic exercises. Some of these involve senior officials. But these officials should participate more than they do. Briefings are useful, but only when one has lived through a test of the SIOF can one fully understand the terrible decisions a president would have to make.

American leaders have used various terms to describe their nuclear strategy. Dwight Eisenhower had massive retaliation. John Kennedy spoke of flexible response. Defense Secretary Robert McNamara's phrase was mutual assured destruction. What would really matter in a crisis, however, would be the options available to the president. These have varied little over the years.

Today the president would have four main SIOF options: to attack Soviet nuclear forces, about 2,000 targets; to attack the Soviet leader-

ship, about 700 targets; to attack about 3,000 other military targets; and to attack 200 to 400 key factories.

There are several observations worth making here. The first is that it is unlikely that the president would order any retaliatory nuclear attack without seeking to destroy the remaining Soviet nuclear forces. This would involve the use of thousands of warheads. Even if the Russians cut the number of their strategic warheads by half, a U.S. counterforce attack would be catastrophic.

The second point concerns attacking the leadership. The president has the option to attack the Soviet leaders — or not to. This gets into a complex question of command and control. If there is to be any hope of terminating a nuclear war before both sides exhaust their warheads, American leaders would need someone to talk to.

The SIOF also includes an option on whether to attack countries allied with the Soviet Union. Their fate in a nuclear war would depend on whether they had dissociated themselves from the Russians.

In the absence of a Soviet nuclear attack on the United States, no sane U.S. president would authorize the use of any of the SIOF options. The question that remains is whether he would be any more prepared to authorize U.S. field commanders to use their nuclear weapons.

If you believe in deterrence, nuclear plans have a logic of their own. They also represent a form of madness. The fact remains that these plans exist. We do not make ourselves more secure by ignoring them.

International Herald Tribune.

Defining Success at The Summit

By William G. Hyland

NEW YORK — If past summit meetings are any guide, judging what constitutes success may not be so easy this week. It is notoriously difficult to score a summit. The same two questions always arise: Did the leaders get along? Who won the propaganda battle? But the answers do not necessarily tell much about the meeting's substance or lasting effects.

Presidents often encourage the focus on personality and propaganda, their careers have been built on their personalities and powers of persuasion. Roosevelt prided himself on his ability to convince; even the ruthless Stalin could be converted into Uncle Joe. In this narrow sense, the Yalta conference in 1945 succeeded: Roosevelt and Stalin seemed to get along, if largely at Churchill's expense.

So when Stalin died, it was natural that President Eisenhower would want to sit down with Nikita Khrushchev. The Geneva meeting in 1955 was hailed as a "fresh start." It was in effect, a propaganda triumph.

But the meeting did not provide a grand strategy. It was a "superpower relationship." The "spirit of Geneva" was born in 1955, but all hell broke loose thereafter — the Hungarian revolution, Sputnik, and in 1958, Mr. Khrushchev's demand that the West get out of Berlin.

The 1955 meeting did lead to Mr. Khrushchev's U.S. visit in 1959, but by the following spring he was belittling threats. Mr. Eisenhower was roundly attacked when he declined one last meeting with the Soviet leader. Yet 25 years later, the image of reputation grows and Mr. Khrushchev is a nonperson. So propaganda victories are not quite enough.

Much the same thing happened in 1961 when President Kennedy met Mr. Khrushchev in Vienna. The president and Mrs. Kennedy easily won the popularity contest. But Mr. Khrushchev charmingly refused to concede defeat. He put up the Berlin Wall and put missiles in Cuba. He had badly misjudged the man he had argued with in Vienna, and so he almost produced a war.

President Johnson never had a full-fledged summit conference. He met with the second team, headed by Prime Minister Alexei Kosygin, in New Jersey. Yet this meeting inaugurated the strategic arms talks that have been the centerpiece of all subsequent summit meetings. So it is a mistake to judge summit talks by the pomp and circumstance.

Nor do personal relations prevent nations from acting in their own interests. Both President Ford and President Carter got along well with Leonid Brezhnev. But 18 months after Mr. Carter met Mr. Brezhnev in Vienna, the Russians invaded Afghanistan. Mr. Carter withdrew the treaty he had signed with Mr. Brezhnev, stopped grain sales, and initiated a U.S. boycott of the Moscow Olympics. This did not stop Mr. Brezhnev from proposing another summit meeting, with Ronald Reagan.

So what should we expect to happen this week in Geneva? Neither side is likely to score a propaganda knockout. Mr. Reagan and Mikhail Gorbachev probably will get along fairly well. But in a year it will not matter much. If Soviet leaders do not trust their own "boundaries," imagine how they regard foreign leaders.

Judging the private discussions is difficult. There is little to be gained by ideological debates: Soviet leaders have not ascended to the pinnacle of Soviet politics only to be converted by an American president. Debating Soviet misconduct is necessary, but in general there is no way to bridge the perceptions gap in just two days.

Some progress is possible on concrete issues. Soviet leaders are not totally free agents, but they can make decisions. A joint statement of principles on future arms control negotiations would be a welcome step.

The final score will be posted in about a year. President Reagan is probably right in calling this meeting a chance for a "fresh start." But a fresh start has to be followed by more than just a pleasant atmosphere.

Summit meetings have their advantages. They force the pace of decision-making in Moscow, and they create a political momentum that is not easy to reverse — on either side. This makes the second summit meeting as important as the first, probably more so. So, next year in Geneva.

The writer, editor of the Journal Foreign Affairs, contributed this column to The New York Times.

LETTERS

Two Views From Sofia

Upon my return from Sofia, where I attended from beginning to end the General Assembly of the United Nations Educational, Scientific and Cultural Organization, the report "Soviet Said to Join West Against UNESCO Head" (Nov. 9) was brought to my attention.

I find therein a grave deformation of the ambience that prevailed during the conference.

The article's author, Paul Lewis of The New York Times, says that much of the time was taken up by "stirring criticism of the U.S. withdrawal from the Soviet Union and its Third World allies, coupled with attempts to punish the United States for leaving."

But my reading was that the Soviet Union and its "Third World allies" kept a low profile throughout the conference with respect to U.S. withdrawal. U.S. observer status was accepted by all and a consensus was reached on maintaining United Nations status for its UNESCO posts. On the whole, the conference was conciliatory.

MARCEL ROCHE, Permanent Delegate of Venezuela at UNESCO, Caracas, Venezuela.

Of Aristotle, Deng and China's Productive Peasants

By Richard Critchfield

BEIJING — Aristotle got it right. When it came to farming, he observed of ancient Greece, you needed the stimulus of gain for hard work and the stimulus of private ownership for husbandry and care.

Deng Xiaoping's China is demonstrating these universal truths. China's grain harvest of 407 million tons last year was the world's all-time record. The Soviet Union, still saddled with collective farms, produced just over half that much. America, the runner-up, had a 1984 harvest of 312 million tons, one of its biggest, creating surpluses and falling prices. Mr. Deng's reformers also found themselves with more grain than they could handle. Since 1979 they had offered the peasants incentive prices for all above-quota grain surpluses and cash crops. But the money went to China's 50,000 communes — relics of Maoism and collectivized farming.

China's agricultural miracle has come since the Dengists introduced the "responsibility system" in 1981. It broke up communes as economic units and meant a return to family-sized farms for entrepreneurs who in effect rent their land.

Between 1981 and 1984, production went up so fast the government had to pull money away from badly needed energy projects to pay for it all. This year, peasants are getting guaranteed prices for just about 40 percent of what they grow. With a grain glut, farm incomes are down.

Some drop in the 1985 harvest is certain, partly because wheat-growing northeastern China had an unusually wet spring and dry fall. Even so, production may reach 400 million tons.

Chen Yun, 81, a Politburo economist, has warned that "tens of millions" of peasants are leaving the land. Is this a bad thing?

If Japan, South Korea and Taiwan are taken as models for intensive family farming in East Asia, the ideal land holding would be about 2.5 acres, a hectare. Too many Chinese land allotments are a fraction of this, often just a half acre. As farming has become modernized, Japan's rural population has dropped from 60 percent to 25 percent, South Korea's from 80 percent to 29 percent.

Chen Yun has also said that "grain shortages can lead to social disorder." With the margin between scarcity and surplus so narrow in a country of more than a billion people, Western experts worry about shortages as soon as 1987.

One thing is certain. The 1981-1984 grain boom has proved that, given wise politics and scientific farming, China can feed itself. Most of the record 1984 harvest was grown the age-old way, with hoes and sickles, often without a plow, chemical fertilizers or pesticides.

The huge production gains came from the

crests — high-yield wheat, rice and other scientifically bred grain that spread throughout Asia after breakthroughs in tropical plant genetics in the late 1960s. China got off to a late start because it had to cross Mexican- and Philippine-bred wheat and rice with its own strains.

These scientific advances were one reason China reopened its doors and its ears to the West and its technology. Already, average yields are up to American standards — 2.5 tons of wheat per hectare to America's 2.2 tons, 4.8 tons of rice to 5 tons in America. China's annual wheat production has more than doubled in the past seven years, from 41 million to 87 million tons.

Future farming miracles will depend on how fast China can expand scientific training, peasant literacy, electric power, credit and transport. Some trends seem earlier in Japan, South Korea and Taiwan are now appearing in China: crop diversification (soybeans, cotton) and a shift in diet from grain to more meat and milk (nearly 10,000 dairy cows were flown in this year).

Deng Xiaoping aims to raise the average peasant's per capita income to \$800 a year within 15 years. Farfetched? The South Koreans did it in a single decade, 1970 to 1980.

The writer, author of "Villages" and other books about peasant life in the Third World, contributed this column to The New York Times.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 47.47.12.65. Telex: 612718 (Herald), Cables Herald Paris. ISSN: 0294-8052.

Directeur de la publication: Walter N. Thayer.

Managing Dir. Asia: Malcolm Glen, 24-34 Honyewy Rd., Hong Kong. Tel. 5-285618. Telex 61170.
Managing Dir. U.K.: Robin Mackinnon, 63 Long Acre, London WC2E. Tel. 836-8802. Telex 262009.
Gen. Mgr. W. Germany: W. Lauerbach, Friedrichstr. 15, 10000 Frankfurt/M. Tel. (069) 267573. Telex 616721.
S.A. au capital de 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337.
U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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ADVERTISING SECTION

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ARAB AIRWAYS

AND TRAVEL

Arab carriers now form an increasingly influential bloc within the International Air Transport Association and showed an overall profit last year for the first time since 1978. European and Far East routes help to increase both business and travel markets.

Heavy Gulf and International Air Traffic Helps Boost Profits

While air traffic to and from the Middle East continues to prosper at higher levels in general than in the rest of the world, the Arab airlines have their difficulties. Chief among these is the erosion of their profits by what are seen as the predatory actions of non-Arab airlines operating in what has been the traditional stop-over on routes between Europe and the Far East. Some of these airlines use these stop-overs to fill their empty seats and cargo holds by discounting fares and rates well below those agreed on by the airline industry, its representative bodies and the overseeing governments.

This problem dominated the discussion at the most recent meeting of the Arab Air Carriers' Organization (AACO), and the organization's director, General Amer Sharif, estimated losses from discounting at 10 percent of the Arab airlines' revenues. As these total around \$5 billion in an average year, the leakage, according to Sharif's calculations, could be as high as \$500 million. The meeting called for more stringent policing by the Arab governments of their airlines' interests, and a subsequent meeting of the AACO-Arab Civil Aviation Council reinforced that view.

The Arab airlines now carry some 30 million passengers each year, and their productivity is gradually improving. Around half their total traffic is carried within the Gulf area, and there is concern that, as shown by the latest International Air Transport Association (IATA) figures, business within the Middle East showed a fall in 1984. Passenger kilometers flown were down 1.6 percent, and freight and mail ton/kilometers fell by 2.5 percent.

On the routes between the Middle East and Europe passenger business was up 6 percent and freight by 10.3 percent, and between the Middle East and the Far East by 10.6 percent and 16.5 percent respectively. Between the Middle East and Africa, passenger business was down by 5.6 percent, but freight showed an increase of 4.5 percent.

IATA member airlines, of which the Arab carriers now form an

increasingly influential bloc, generally did well during 1984, achieving positive results for the first time since 1978, according to the director-general of the association, Gunter Eser. On revenues approaching \$40 billion, the operating result of the members before interest charges was \$2.2 billion. After net interest charges of \$1.7 billion, the net result was \$500 million, or 1.3 percent of revenues.

Eser pointed out that although these were the best results for several years, they were well below the levels required to finance the industry in the future. It is estimated that the IATA airlines in general, and the Arab carriers in particular, will need to acquire a grand total of 4,000 aircraft by 1993, about 1,800 of them to replace existing units. With spare and other fixed assets, the investment should total between \$150 billion and \$200 billion, including some \$100 billion for international scheduled services.

The need to increase revenues, which are under constant and increasing pressure from discounting, rising costs for materials and labor and calls from passengers and freight shippers for lower fares and rates are further major worries for the carriers.

Arab airlines are also concerned by the recent starting up of Emirates airline, based in Dubai, with scheduled flights to Kuwait, Karachi and New Delhi, and with plans for further services to, among others, Colombo, Saudi Arabia, Bahrain, Qatar and Oman. Paléstan International, New Zealand Airways and the British airline Britannia are among those prepared to offer the new airline technical and managerial assistance. Several established airlines in the Gulf area derive considerable revenue from operating through Dubai, and the advent of a newcomer that could compete strongly for such income must be bad news for them.

In general, though, the Arab carriers continue to cooperate through the AACO, IATA or ICAO, the United Nations aviation body. The Gulf Cooperation Council (GCC) has recently promoted a greater level of accord between Gulf Air, Kuwait Airways and



A Saudi Airbus A300 takes to the skies. The airline is taking delivery of 11 of these aircraft which are manufactured by the European Airbus Industrie. The A300 seats 250 and is one of a family of aerobuses whose range and capacity varies according to the seating configuration and powerplants. Below, another version of the aerobus, the A320, which is for short to medium range and will carry 150 passengers. It is due to come into service in 1987.



Saudia, forming an executive committee of senior governmental and airline people and increasing flights between the capital cities of the GCC countries. A common ticket cover and a unified GCC timetable have also been established to facilitate the exchange of airline documents within the GCC countries.

The Arab airlines are estimated to handle about 7 percent of total international traffic today, compared with 2 percent two decades ago, and the region has its share of high fliers. Saudia is the classic example. This airline began with one DC-3 at the end of World War II and now has over 23,000 employees and a sizable fleet of the most modern airliners, in the introduction of which it has become renowned as a world leader.

Saudia was selected for special commendation by Gunter Eser, as was Yemenia, which he congratulated on its financial turnaround. Other carriers in the region that continue to do well are Kuwait Airways, which Eser commended for its sophisticated training facilities, and Gulf Air, now preparing to become 49 percent privately owned within the next six months. Privatization is becoming a trend in the airline industry, and the rest of the airlines in the Middle East will be watching Gulf Air's experience with keen interest.

A Vital Market for Aerospace Industry

According to the Boeing Co., there are 21 airlines in the Middle East that operate their jet airliners. The other major aircraft manufacturers in both the United States and Europe have an equally buoyant sales story to tell. Taking into consideration the large number of executive aircraft based there, ranging in size from the eight-seat British Aerospace 125 to the Boeing 747 jumbo, it is apparent that the region is an extremely important market for the world aerospace industry.

The aircraft makers have not been slow to exploit this potential, and they have found will-

ing purchasers among the Middle Eastern airlines who early on saw the advantages of wide-bodied airliners, the high technology they contain and the economical and quiet engines powering them.

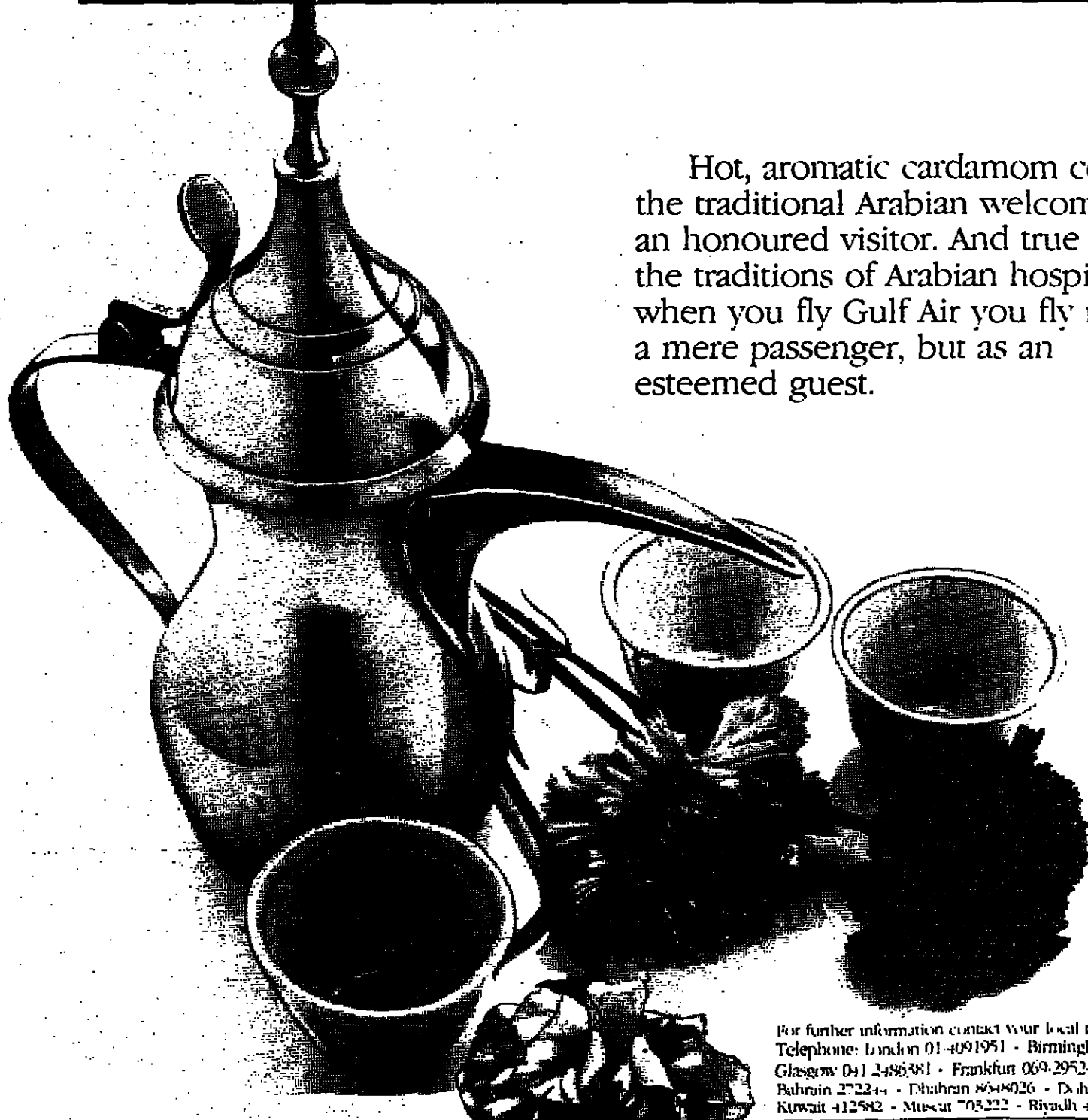
As a result, there are no fewer than 38 Boeing 747s owned by the region's airlines. The very advanced Boeing 767 has also begun to enter service there, and Saudia was the first airline in the world to introduce the European Airbus Industrie A300-600 with its futuristic digitalized cockpit operated by a crew of only two.

Continued on next page.

Most of the airlines in the area admit, however, that even with the Gulf Cooperation Council too many of their flights fail to connect with each other, with the result that valuable traffic and income is lost to the non-Arab airlines serving the region. The AACO scheduling committee has been inquiring into these disparities, and is to make recommendations to the member airlines on how their flights might be better meshed.

But the Arab airlines have to accept that they will always compete with outsiders because the region is one of the great aviation crossroads of the world, because its building program of the 1970s produced some of the world's best and most advanced airports, and because of the rich commercial pickings it offers. Although the earlier petrochemical and construction booms have now subsided, the Middle East remains one of the great international targets for exporters of all nations, while its regular migrations of foreign workers, teachers and pilgrims fill hundreds of thousands of airline seats that would otherwise fly empty. *Writer Arthur Reed is European Editor of Air Transport World.*

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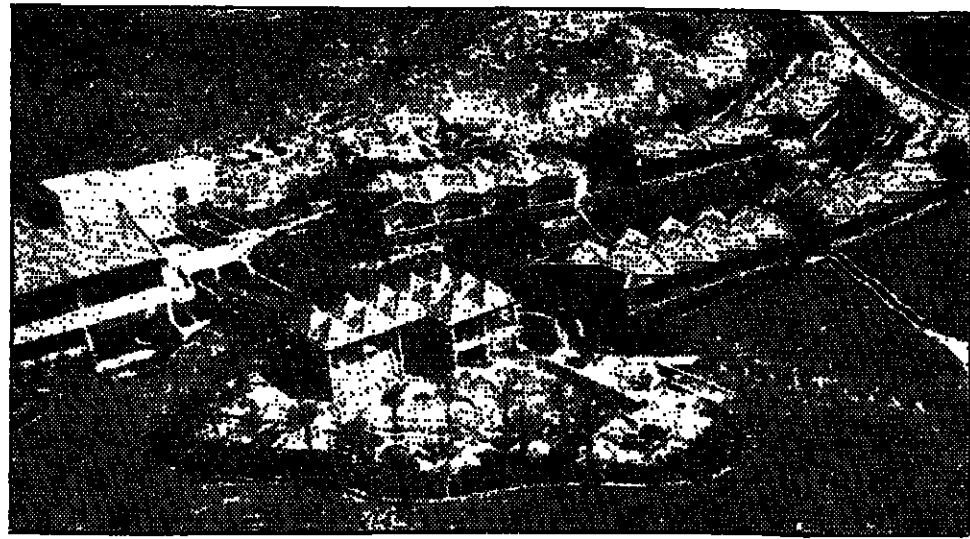
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Hattat Fort Hotel at the foot of the Hajar Mountains in the United Arab Emirates.

Hotels Now Offer Updated Welcome

The rigors of travel in the Arab world may have eased for the business person, but the region still has the habit of throwing the unexpected in the path of even the most seasoned visitor.

Michael McFadyen, general manager of the Gulf Hotel in Muscat, Oman, who has been in the Gulf since 1968 recalls: "In Kuwait in those days, all you wanted was a bed. You had to accept that you went into a room with two beds, and in the middle of the night a stranger would arrive to share it."

The 1960s were a hotelier's dream as far as occupancy rates were concerned—usually more than 100 percent—although that could also turn into a nightmare if the government suddenly decided to commandeer a hotel for a state function,

putting guests out onto the streets.

In contrast with even five years ago, the business traveler is now totally spoiled for choice in most of the Gulf states and in the Arab world in general. This is the result of the arrival since the mid-1970s of nearly all the major international hotel franchise operators: Sheraton, Marriott, Inter-Continental, Hilton, Hyatt, Holiday Inn, Ramada, Meridien and other smaller groups often with only one or two hotels.

The independents are not to be overlooked, since they often offer better value for the traveler on a tight budget. In Bahrain, considered the holiday center of the Gulf, the smaller hotels in Manama are doing a roaring trade with Saudi holidaymakers and also with visit-

ing businessmen who don't care about king-sized beds or private minibars, but prefer no-frills service. Hagglers over which room discount applies is still the order of the day. No one walks into a hotel and pays the full rate. Corporate rates, company discounts or just plain discounts are the rule, but they should be negotiated in advance, preferably by a local agent or sponsor who will usually want to direct a guest to a property where he has influence.

Eating in one's hotel has become more interesting, with many Gulf hotels trying for originality in theme restaurants. The Japanese restaurant at the Bahrain Hilton, the Italian trattoria and coffee bar at the Hyatt Regency in Riyadh and the pool-side facilities at

the Jebel Ali Hotel outside Dubai are all worth trying as an alternative to room service, since staying in reach of the telephone is often a priority in Arab countries where business does not follow strict office hours. Outside catering contracts help the hotels make money from their kitchens and bakeries, but genuinely high levels of cuisine are available.

Facilities at hotels have also changed out of all recognition during the last five years. In addition to in-house video, swimming pools and health clubs there are now bowling alleys and a variety of beach sports, from undersea diving to windsurfing and dinghy sailing.

Unless the visitor has local contacts in Saudi Arabia, Qatar and Kuwait he is likely to spend a lot of time in his own company in the hotel, usually meaning a limited diet of in-house video movies on television and trips to the pool or health club.

McFadyen is a keen racquet player and has introduced tennis and squash facilities at the Gulf Hotel in Qurum, an innovation that is typical of the older generation of properties now updating their facilities. At the Regency Inter-Continental in Bahrain, the most centrally located of Manama's top four hotels, new investment is going into a tower block to put more accent on leisure attractions, although the hotel itself is only five years old. But improvements in terms of upgrading rooms are also going on at other hotels in the region, largely because of the influence of franchise operators on their owners.

The method of getting to business appointments is also changing. It is still possible to walk a few hundred meters from the main hotels and hail a

passing battered cab. The chances are the driver will speak only Arabic or, if he knows English, will be unlikely to recognize street names in English. But these days in Saudi Arabia, Qatar and Kuwait it is the practice for the principal hotels to offer a limousine service, usually in connection with a leading car rental company such as Avis, complete with drivers who know the cities backward and forward. Some hotels, like the Marriott chain, offer free Hertz car rentals and other services if guests book a certain number of nights.

A stay at the Inter-Continental Hotel in Muscat is likely to cost \$105 a night, depending on what discount can be negotiated, but a more modest hotel in the same city would be the Ruwi at \$75 a night for a single. At the Holiday Inn in Bahrain a single room would cost about the same as at the Ruwi, while the Diplomat Hotel, part of Trusthouse Forte's Middle East chain, would cost just over \$100 a night. Hotel charges are still high in the Middle East because of high overhead and staff costs and the cyclical nature of business.

Most travelers visit the Gulf in the autumn or spring, avoiding the hot summer months when Gulf nationals travel and religious events of significance, including Ramadan and the Haj pilgrimage, take place. These are now moving up earlier in the year, but still fall in the hot weather season from April to September.

A recent change in the Middle East hotel trade has been the emphasis placed on attracting the Arab traveler. Visitors from the industrialized countries are still welcome—and are the bread and butter of the business—but the marketing drive

of many top hotels in the Middle East, including Egypt, Jordan and Syria, is to attract the Saudi or Gulf traveler. This is because Arabs often travel as a family and rarely quibble about the rate.

"It's quite simple," says a spokesman for the Jeddah Holiday Inn, "the Arab traveler spends more time and money in the hotel, and although we don't favor any one group we must cater to his needs."

Holiday Inn is established in Saudi Arabia, where it was the first hotel group in Jeddah as well as in the industrial cities of Jubail and Yanbu. Another hotel group with a strong presence throughout the region is Meridien, of France, which still has its eye on Beirut as a center for regional tourism if a peaceful solution could be found to the country's problems.

Visa delays often frustrate the business traveler visiting the Middle East, and such complications deter him from staying on to see the sights. In the Gulf, visas for Oman have become tight because of the 1985 15th anniversary of Sultan Qaboos's accession celebrations and the summit conference of the Gulf Cooperation Council. Getting access to Saudi Arabia—the most important business market—has become easier.

The business of arranging appointments has always been a subtle procedure in the Middle East, but now it is even more so. An appointment made by telex to meet a minister is often regarded as an invitation for a meeting rather than an actual time and place for an interview. Top people in the Gulf are well protected by screening procedures, although the system usually works in favor of the persistent.

A Vital Market

Continued from previous page.

However, the Arab airlines still have a considerable number of decisions about fleet renewal to make before the end of this decade despite their spending spree in the past. For instance, there are still 64 Boeing 707s flying with Middle Eastern airlines. This aircraft first came into service in 1960 and is now out of production, nor do its engines satisfy the stringent new noise regulations now being introduced in the United States, Britain and in Europe.

Operating such aircraft to areas outside those mentioned above presents no immediate problem, but the pressure to consider replacements is on. One option is to refit the aircraft with the new, environmentally acceptable U.S./French CFM-56 engine at a cost of around \$6 million, compared with at least \$30 million for a brand-new narrow-bodied airliner.

Re-equipment decisions are also facing airlines operating wide-bodied aircraft such as the

Lockheed TriStar, the McDonnell Douglas DC-10 and the earlier versions of the Boeing 747. As these aircraft age they are becoming more costly to service and maintain as well as outmoded by newer technology, including advances in computerization and materials, particularly composites in airframe manufacture.

Lockheed has now closed its civil aircraft production line, but three big companies: Airbus, McDonnell Douglas and Boeing, are in competition for what will be a rich crop of orders from the region in the near future.

The Arab Air Carriers' Organization's figures indicate this need. The association forecasts that during the next decade the annual growth in the number of Middle East passengers will average 7.3 percent, which is 0.8 percent greater than world airline growth, while that for cargo will be 6.2 percent. The figures were calculated on all routes within the region and on all international routes to and from the Middle East.

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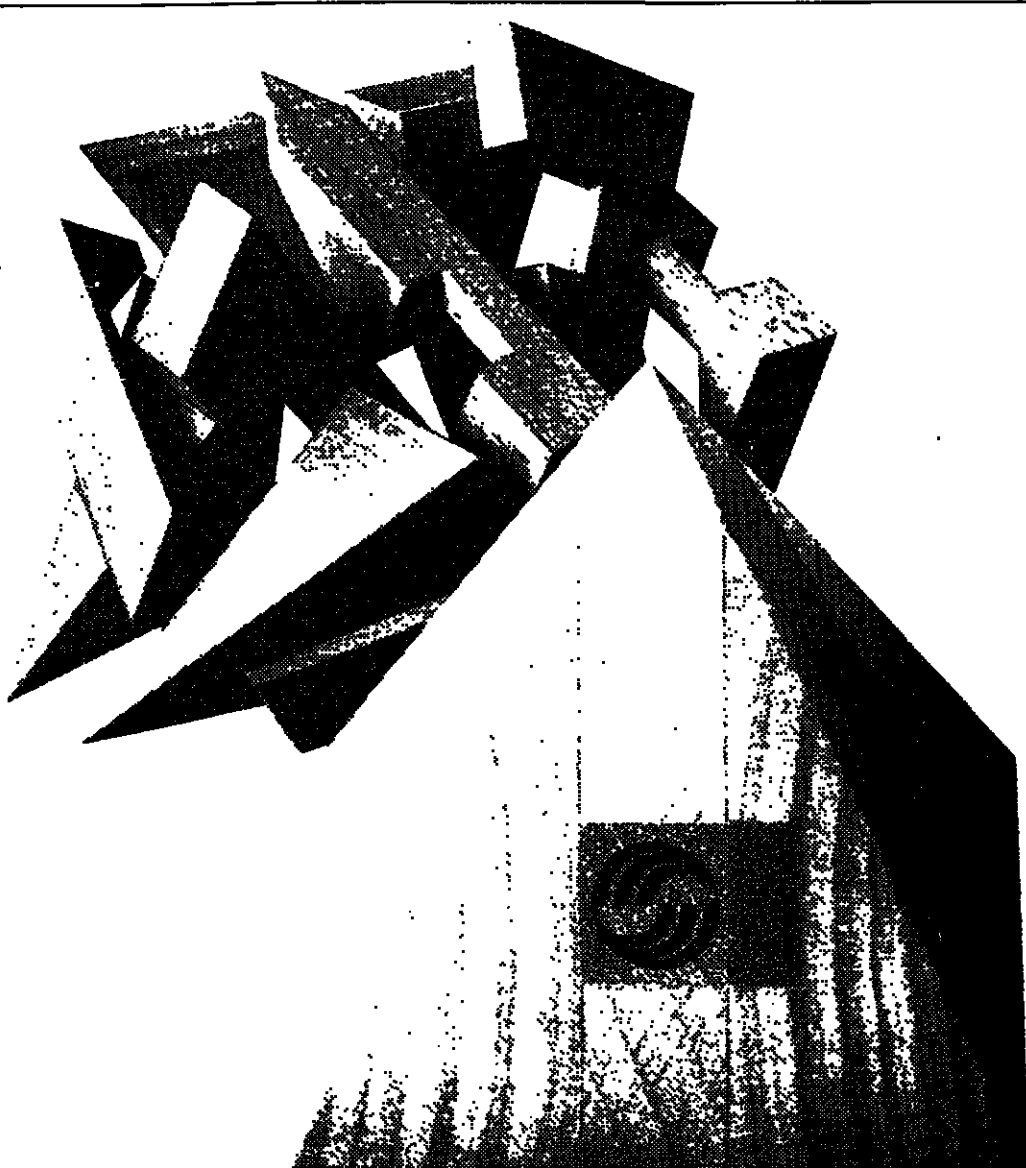
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Airline Fleets

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Alia—the Royal Jordanian Airline—with 4,600 employees, operates a fleet consisting of three Boeing 747-200B "combi" passenger/freight aircraft, three B707-320Cs, six B727-200s and nine TriStars 500s.

Egyptair—has 9,600 employees. Its fleet consists of one B747-200, seven B707-320Cs, eight Airbus A300B4s, three B767-200ERs (extended range) and some light aircraft.

Gulf Air—has 3,300 employees. It was formed in 1950, and equal shareholders since 1971 are the Gulf states of Bahrain, Oman, Qatar and the United Arab Emirates. Its fleet consists of one B747, 11 TriStars and eight B737-200s.

Iraqi Airways—formed in January 1946, has 4,800 employees and a fleet that includes three B747-200Cs, one B747SP (special performance), two B707-320Cs, six B727-200s, three B737-200s, 20 Soviet Ilyushin IL-76T/MS, six Antonov An-12s, three An-24s, six JetStar 11s, four Falcon 50s, two Falcon 20Fs and four Piaggio P.166s.

Jamahiriya Air Transport—formed in 1982 with its base in Tripoli, Libya, has 250 employees, but operates a fleet consisting of eight B707-320Cs, 11 Ilyushin IL-76T/MS, a Lockheed L-100-30, two Lockheed L-100-20s, one Fokker F-27-500, one F-27-400 and six Twin Otters.

Kuwait Airways—formed in 1954, but adopting its present title in 1957, employs 6,500 and has a fleet consisting of four B747-200Bs, three Airbus A300-C4-600s, five Airbus A310s, three B707-320Cs, four B727-200s, two British Aerospace 125-700s and three B767-200ERs. Three of the Kuwait A310s were in the process of being sold as this list was prepared. They had been stored by Boeing in Hannover, West Germany, and were being modified in that country before delivery to Pan American.

Libyan Arab Airlines—with a staff of 4,800, flies two B707-320Bs, two B707-320Cs, ten 727-200s, three Fokker F-28-4000s, two F-27-400s, one F-27-500, 14 F-27-600s and has on order four Airbus A300B4s and four A310s.

Middle East Airlines—whose operations have been badly disrupted recently as a result of the conflict in Lebanon, has 5,200 employees. Its fleet consists of three B747-200B combis, eight B707-320Cs and ten B720Bs, although some of these aircraft have been leased to other airlines.

Oman Aviation Services—formed in 1981, has 1,000 employees and a fleet of four F-27-500s, one F-27-600, a Citation 11 and two Twin Otters.

Royal Air Maroc—with 3,900 workers, has in its fleet one B747-200B combi, two B707-320Cs, eight B727-200s, four B737-200s and two B737-200Cs.

Saudia—can trace its history back to 1945. Now the biggest airline in the Arab world with 23,500 employees, its growing fleet includes two B747-200Fs, eight 747-100s, two B747SPs, 11 Airbus A300-600s, five B707-320Cs, 17 B737-200s, two B737-200Cs, 17 TriStar 200s and various smaller types. Among its orders are 10 B747-300s.

Syrian Arab Airlines—formed in 1961, has a staff of 3,300 and operates two B747SPs, three B727-200s, four Ilyushin IL-76s, five Tupolev Tu-134s, four Antonov An-26s and seven Yakovlev Yak-40s.

Trans-Mediterranean Airways (TMA)—the Lebanese cargo airline, has 1,500 employees and flies eight B707-320Cs.

Tunis Air—goes back to 1948. It has a staff of 4,700 and its fleet consists of an Airbus A300B4, eight B727-200s, a B727-100 and five B737-200s, one cargo aircraft.

Yemen Airways (Yemenia)—formed originally in 1963, and given its present title in 1978, has 1,100 employees. Its fleet consists of five B727-200s, a B737-200 and two DHC Dash 7s.

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Rediscovery of Islamic Heritage

There are few regions of the world that offer as spectacular a heritage as the Middle East. From the splendours of classical Egypt, with the unforgettable sight of the great temple of Abu Simbel in the glow of an early morning sunrise, to the crumbling relics of what might have been the Queen of Sheba's main export harbor for myrrh in southern Oman, this area is rich in both past and present glories.

"Wars may come and go, but tourism goes on for ever" was the firm conviction of one director of tourism in Egypt, the country which has perhaps more than others in the Arab world made a real industry out of tourism.

From the Pyramids to Luxor to floating palaces on the Nile to the ruins at Aswan, there is indeed nothing quite like Egypt for viewing and reliving the past.

But there are plenty of other archaeological treasures to be found in the Arab world, which as a whole is becoming more conscious of its past. Although some of the countries, notably Syria and Oman, are not always easy to enter because of visa restrictions, they both offer a wealthy heritage to the discerning visitor. Jordan, with its celebrated "Rose-red" Petra carved out of the rock, has long hung about letting the world see a little of its history. Just outside Amman, the capital, great efforts are being made to reveal the true splendor of Jerash.

Unfortunately the same cannot be said for the great classical sights of Syria, which undoubtedly has one of the richest patrimonies in the Arab world, ranging from the almost Hollywood-style Krak des Chevaliers, one of the most magnificent of Crusader castles, to the ruins at Palmyra.

During the next two years a touring exhibition of Syrian culture is visiting museums throughout the United States. It has just opened in Baltimore and includes items from museums in Aleppo, Damascus, Deir ez Zor and Palmyra. Most of the objects have been discovered in the last 50 years and trace the melding of Roman, Hellenistic, Aramaean and Arab cultures.

Across the Gulf from Syria the past is coming more and more into view as many of the Gulf countries realize the natural potential they have on their hands.

Ten years ago, anything that might be described as a museum would often consist of a few fading photographs, a box of crumbling pearls and a decaying fishing boat or two. Now all that has changed.

Kuwait, as might be expected, has one of the finest museums of Islamic pieces anywhere in the world. No expense has been spared to gather together some of the richest objects d'art, ranging from intricately carved door frames and screens to magnificent carpets and illuminated manuscripts. The displays and lighting match anything to be found in North America or Europe.

On a much smaller scale is the museum in Dubai, where a former fort has been opened as an informative cultural center. Here the traditions of the Gulf can be seen, from a typical reed house to early marine relics.

There are similar but more modern museums in Bahrain, Qatar and Oman, where increasing efforts are being made to preserve something of the past.

Syria is not the only country with a wealth of forts. Many of a later period mark the trail of some of the original European trail blazers to the Arab world—the Portuguese. After virtually circumnavigating Africa they ventured around the Strait of Hormuz and into the Gulf. Everywhere they stopped they left behind elaborate castles guarding sheltered creeks and harbors. Two of the most spectacular, now restored, are the twin forts at Muscat. There are also several smaller ones inland where Portuguese troops and traders ventured into unknown Arabia.

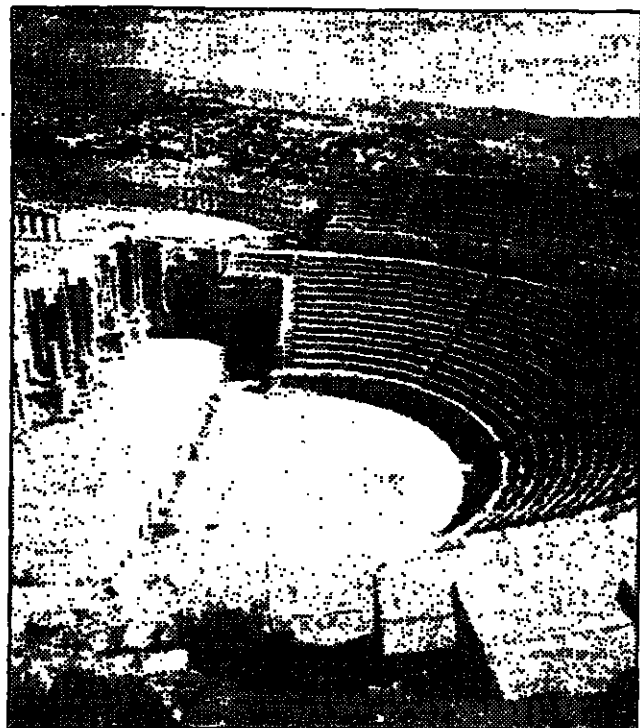
One of the newest tourist destinations is without a doubt



One of the old Portuguese forts, now restored, guarding the harbor at Muscat. On the right is the Sultan's Palace.



Kuwait's museum houses a fine collection of Islamic art.



The splendid Roman theater at Jerash in Jordan.

North Yemen, where the feeling of the true Arabia is perhaps at its best. So far modern tourism has not really come to this area although the government, through its airline, Yemenia, and the Yemen Arab Tourism Agency, is now hoping to attract more visitors.

North Yemen, with its ancient buildings and dramatic views, is like a time capsule where it is still possible to experience the sights and sounds of a bygone era.

Mud-brick buildings stand upon each other in raggle-taggle fashion, each house giving support to its neighbor or forming the foundation for a smaller dwelling on top. There are highly ornate fortresses built almost impossibly on top of pinnacles of rock and plenty of relics from past invaders who have left footprints in history throughout the land as well as much evidence of pre-Islamic times.

All this can be seen from the comparative comfort of several new Western-style hotels, including the Sheraton, the Ramada, the Taj Sheba (one of the India Taj Group's finest hotels), the Al-Hamad Palace

(once the home of the Imam) and many others.

Sadly, much of the splendor that was Arabia is being, or in most cases has already been, swept away in the course of progress. The once ubiquitous wind towers of cities like Dubai and Muscat are nearly all gone. These were a primitive form of air conditioning which had great practical value. Efforts are being made to preserve the few of them that still remain.

In Saudi Arabia's Red Sea port of Jeddah, the mayor has made a valiant effort to preserve part of the old city with its tiled

alleyways and carved overhanging balconies.

Ironically, now that the great tide of modernization in the Arabian Peninsula and Gulf countries has all but eliminated relics of the past, there has been a reawakening of interest in the Arabic cultural tradition. Much of this part of the world was the leading center of civilization in early medieval times, a fact often overlooked by the casual visitor who, if given time and encouragement, can learn much from the many new museums displaying treasures from the past.



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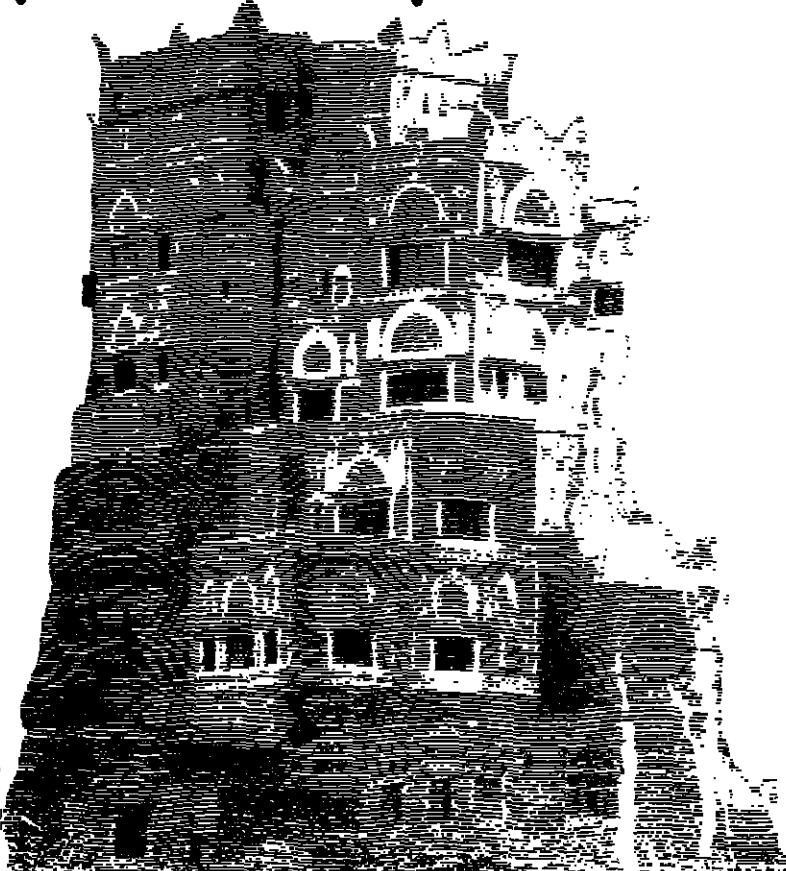
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The Airport Building Boom Continues

In spite of a downturn in oil prices and a construction-led industrial recession in the Middle East, airport development in the region continues apace. Passenger and cargo traffic are growing, governments continue to see air transport as one of the most efficient ways of unifying the often far-flung corners of their countries, and a national air carrier with an expanding network remains an essential mark of progress.

Consequently, according to the annual publication *Arab Transport and Shipping*, some 40 percent of world airport building and improvement in the second half of this decade is expected to take place in the Arab world.

Admittedly, airport development is a little more subdued than in the late 1970s. Time was when you could scarcely open a newspaper in the Arab world without reading of some vast new airport project. At the turn of the decade a rash of stunning new international airports began with Kuwait in 1978, the Abu Dhabi International Airport (Nadai) in 1982, the Queen Alia Airport in Jordan in 1985 and the \$800-million Saddam Hussein International Airport in Baghdad, also in 1985. Topping them all were the \$5-billion King Abdul Aziz International Airport in Jeddah in May 1981 and its sister facility, the King Khaled International Airport, in Riyadh in December 1983.

The Jeddah and Riyadh airports are two of the three airports conceived under Saudi Arabia's International Airports Project. The other is a \$2.1-billion replacement for the existing Dhahran airport originally built as a military base in the mid-1940s. It was upgraded to accommodate increasing passenger and cargo traffic in 1980.

Completion of the first phase of the King Fahd Eastern Province Airport remains one of the main objectives of Saudi Arabia's recently elaborated Fourth Five-Year Development Plan 1985-90.

With two 4,000-meter runways, the new airport is expected to serve seven million pas-

sengers a year by 1992, rising to 12 million by the year 2000, when Riyadh should be coping with 15 million and Jeddah with 17 million.

These compare with 1983 figures of 4.3 million at Dhahran, 6.6 million at Riyadh and 8.1 million at Jeddah. Total domestic and international passenger traffic at the three was up 6.4 percent in 1983 over the previous year, and cargo traffic was up 26.9 percent.

Already, over the past year, contracts have been awarded to a clutch of local firms to upgrade 10 regional airports. Al-Namal Trading and Contracting is to carry out runway improvements valued at \$7 million at Qurayyah, while Tamimi & Fouad have a \$8.7-million contract to extend the runway at Rafha in order to accommodate Boeing 737s.

Meanwhile, general airport facilities in Saudi Arabia are likely to be improved as a result of joint ventures set up alongside Boeing's \$1.2-billion Peace Shield air and ground defense program. For example, the largest of four projects anticipated by the Boeing International Industrial Technology Group involves a \$500-million aircraft modification center to be built with partners including Saudia, the national airline.

In neighboring Bahrain, a consortium of U.K. consultants led by Scott Wilson Kirkpatrick and Partners this year won the design and supervision contract for a \$50-million plan to expand the island's international airport. Work has already started on resurfacing the main runway and on a new freight terminal. Contracts to refurbish the existing passenger terminal and to construct an additional one will be bid on over the next 12 months. The two terminals will allow one to be used for arrivals and another for departures, thus reducing the security risk posed by transit travelers.

Further down the Gulf, Scott Wilson Kirkpatrick is also the consulting engineer on the United Arab Emirates' largest ongoing airport development at Al Ain, where the construction of earthworks is almost com-

plete and where Joannou & Paraskevades won a \$60-million contract in July for the main civil works.

In neighboring Dubai, the local contractor Ducoc, in partnership with Balfour Beatty of the United Kingdom, is building a new \$30-million Arrivals terminal which will complement the new 4,000-meter second runway opened in April 1984.

In Qatar, plans for a new airport have been shelved, but Scott Wilson Kirkpatrick has been designing and supervising a series of improvements (now worth around \$30 million) to the facilities since 1978.

The same British engineers are completing the design of a new \$200-million civil and military airport at Erbil in Iraq, where, in spite of the war with Iran, the new Saddam Hussein International Airport was completed in 1983 by French contractors Fougerolle and Spie-Batignolles under the supervision of British consultants Mansell and Partners, and where new airports at Basra and Mosul are planned.

Jordan has completed its \$238-million Queen Alia International Airport, 40 kilometers (25 miles) south of Amman, but has little prospect of much development in the near future. Rehabilitation of the Beirut airport, as envisaged by Aeroport de Paris in 1983, remains a pipe dream as long as political instability persists.

Airport development in North Africa is more sporadic. Libya's ambitious program in this sector has been held back by financial difficulties, though the International Airports Authority of India still claims to have much work in prospect there and in Algeria.

Tunisia is set to build a new \$15-million airport to serve its tourist industry in Tabarka on the northern coast near Algeria. The project is being financed by Saudi Arabia and designed by British Airports International which, with Aeroport de Paris, Naco (of the Netherlands) and Flughafen Frankfurt, are the main European airport managers and consultants working in the area.

In general, says Bill Seeding, the partner responsible for the Middle East at Scott Wilson Kirkpatrick: "Although it won't be up to the levels of five to 10 years ago, there is still going to be a reasonable amount of work on airport development, especially in the Gulf states."

"Governments are realizing the airlines will go to airports which offer the best service in terms of cost, fuel, efficiency of turnaround and passenger facilities."

"As this sort of message filters through, Arab airports may well be better planned and a better value for money in the future."

Arab Air '86

This air show is the first event of its kind to be held in Dubai. It is being staged with the support of the Department of Civil Aviation at the Dubai International Trade Center between February 16-20 next year. Already more than 200 companies from 20 countries have booked space in the new exhibition hall at the Trade Center. The exhibition is coinciding with a two-day conference organized by the Middle East Economic Digest of London.

The organizers of the exhibition, Fairs and Exhibitions of London, have arranged for special aircraft displays to be shown on the apron at Dubai International Airport.

For further information contact: Fairs and Exhibitions Ltd., 51 Doughty Street, London, WC1N 2LB, telex 299708 EFANEE G.; or MEED, 21 John Street, London WC1N 2BP, telex 266872 MEEDAR.

Gulf Air Partial Privatization Move

Formed in March 1950, with equal shareholding by Bahrain, Oman, Qatar and the United Arab Emirates since April 1974, Gulf Air is now the second-biggest airline in the Arab world. It is also the most profitable, according to its chairman, Salim bin Nassir al-Bussaidi.

The airline has an all-jet fleet consisting of Boeing 747, Boeing 737 and Lockheed TriStar aircraft and operates a wide network of scheduled services both within the region and as far afield as London and Hong Kong.

Two major events are on its corporate horizon. First there is the need to consider new equipment, including the eventual replacement of its TriStar airliner fleet with a type incorporating the latest technology. Prospects indicate that a total of 17 new aircraft will be required, involving an investment as high as \$850 million.

Second, there is the shift toward partial private ownership of the airline which, up to now, has been government-owned. Privatization is a strong trend at present within the world airline industry—British Airways, Singapore Airlines and Malaysian Airlines System are among the industry leaders moving in this direction—and the program for Gulf Air involves 49 percent of the shares being offered,

probably within the next six months. It is expected that only Gulf nationals will be allowed to buy the shares, which will be split into denominations small enough to encourage wide distribution. Gulf Air's board is being advised on this move by the Chase Manhattan Bank of New York and the Gulf International Bank of Manama, where the airline has its main operating base.

Recent profits make Gulf Air a reasonably attractive proposition for potential private investors. It is a "lean" airline, with staff productivity high by the standards of some of the other Arab airlines and increasing at the rate of around 9 percent a year. Figures show that 1984 was its sixth consecutive year in the black, with a profit of \$47.5 million on revenues of \$624.8 million (compared with \$50.9 million and \$747.7 million in 1983). The airline served 29 cities in 1984, carried three million passengers (16 percent up), and handled record volumes of freight.

But, as the chairman pointed out in his annual report for 1984, the additional passengers carried during the year did not result in any greatly increased revenue, largely because of a drop in yield that was attributed to fare competition and currency devaluation in the air-

line's most important markets.

Three factors that could have a serious impact on future profitability are a long-running dispute with Pakistan International Airlines over traffic rights between Karachi and the Gulf, the setting up of a new air company in Dubai, Emirates airline, with a possible impact on Gulf Air's traditional high-revenue business service to Pakistan and India, and the price war that rumbles on among all the airlines in the area and which dilutes the yield from their operations.

Gulf Air's Bahrain budget includes a sum of \$52.7 million for 1986/87 for a new airport terminal, while work began last February on a \$6.6 million freight terminal. When the enormous investment in new aircraft and new buildings is taken into account, it can be seen that the airline's finances will come under severe strain in the years to come, with the result that earnings could suffer.

In the meantime, Gulf Air safeguards its reputation as one of the most innovative of the Arab airlines with the introduction of modern management technologies and computerization. Its chief executive, Ali Ibrahim al-Malki, has recently carried out a significant restructuring of the company's management, which enables senior executives to concentrate more on planning for the longer term while leaving divisional executives to run the airline on a day-to-day basis.

The program also established an additional three divisions covering airline services, airline operations and corporate planning, the whole devised with a view toward making Gulf Air even leaner than it is today. At the same time the company is pursuing its policy of Gulf-ization of its staff, with the result that 100 percent of its leading management posts are now filled by Gulf nationals and 93 percent of headquarters workers are also locals. Staff recruitment has been kept to a minimum in an effort to keep rising costs as a manageable level. During 1984 there was only a 9.8 percent increase in the work force even though traffic went up by 24.8 percent.

Gulf Air is working more closely, through the Gulf Cooperation Council, with fellow council members Saudia and Kuwait Airways, but is reportedly having difficulty convincing them of the advantages that might flow from a spread of privatization in the Gulf and particularly from the establishment of a number of small regional airlines. A.R.

Dubai's Duty-Free Shop

There are not many duty-free shops in the world where you can buy almost anything from a deluxe combat jacket to a bar of gold. But that's part of the choice offered at the duty-free shopping complex at Dubai International Airport. The duty-free shops there are now among the fastest growing at any airport in the world.

This year, according to Mohi-din Abdul Kader Bin-hendi, the young director-general of the Dubai Department of Civil Aviation, sales are expected to exceed \$22 million. Situated at the crossroads of international air traffic between Europe and the Far East, Dubai is ideally placed to take advan-

tage of both departing and transit passengers.

Last year the total number of passengers passing through the airport was just over 3.6 million—an average of nearly 10,000 a day, making Dubai one of the busiest airports in the Gulf. Bin-hendi expects the airport to be handling up to 5 million passengers annually by the 1990s, and plans for further extensions to the airport are in the works.

More than 45 airlines use the airport, and there are well over 100 daily traffic movements. Just over a year ago work started on a new Arrivals terminal, expected to open in the late spring of next year.

There will also be a special

duty-free shopping center for arriving passengers, who will be able to make selected purchases of duty-free goods. There are only one or two other airports in the world with a similar system.

It is hoped that stopping off for duty-free shopping at Dubai, whose slogan is "Fly buy Dubai," will become a must for the business traveler and tourist. The center comprises 24 individual shops, covering an area of 22,000 square feet (1,980 square meters). Goods on sale cover an extremely wide range of merchandise and come from all over the world.

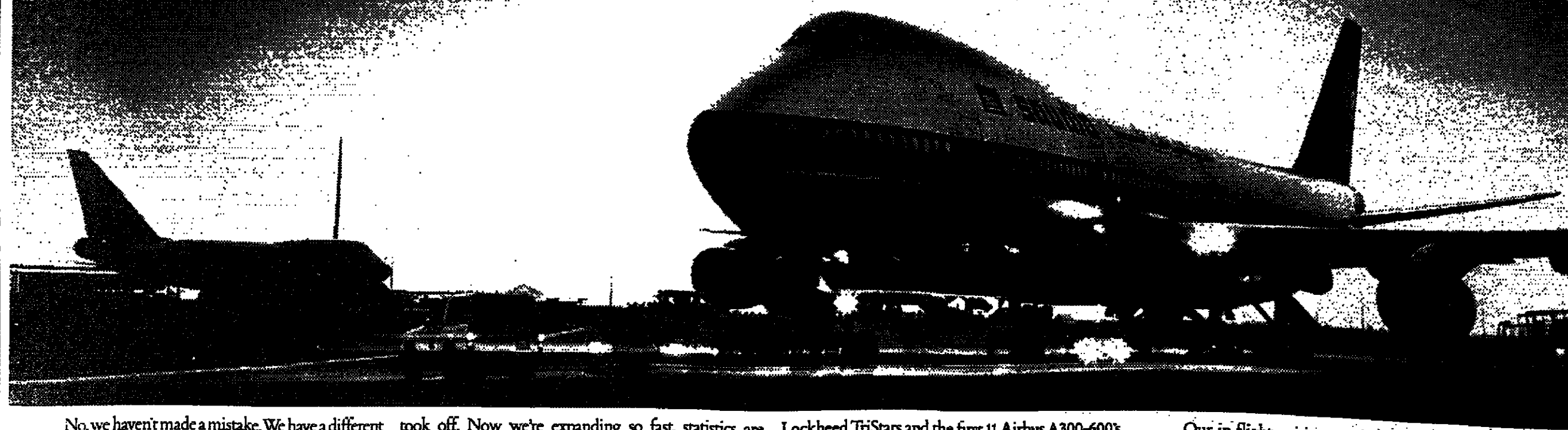
There is a profusion of audio and video tapes, clocks and watches, electronic goods can be

travellers, computers, jewelry of all kinds, leather and sportswear, confectionery and a delicatessen. One special feature is a shop called Gifts from Dubai which, as the name implies, concentrates on local handicrafts: leather, jewelry and carvings.

Dubai's duty-free shop is unrivalled in the Middle East, where at most airports sophisticated duty-free shops or airport shops of almost any kind are conspicuous by their absence.

Some airports have made determined efforts to make their departure lounges more comfortable and attractive—Bahrain is a good example—and have also created displays of

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No, we haven't made a mistake. We have a different calendar to you. Ours starts from the year 622AD when the Prophet Mohammed travelled from Makkah to Medina. Our airline, however, started exactly 40 years ago. In a country as large as Saudi Arabia, air travel soon

took off. Now we're expanding so fast, statistics are rapidly out of date. But here are a few you may like to bear in mind. Saudia carry over 11 million passengers a year, flying between 23 domestic and 44 international destinations. We have a 92-strong fleet that includes Boeing 747s,

Lockheed TriStars and the first 11 Airbus A300-600s. 14 new aircraft will wear our livery this year, including 10 of the latest stretch-top 747s. And we're determined to improve a 93% punctuality record. (Just about any airline would be proud of it). If the figures mean nothing to you, the food will.

Our in-flight cuisine wouldn't be out of place in a top restaurant. So isn't it about time we welcomed you into our world? Because it looks like 1406 is going to be another very good year. **saudia** Welcome to our world.

EUROBOND
and Coupon Issuance
Hopes of Rate C...

Nov 18, 1985

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EUROBONDS

Fixed-Coupon Issues Sink
As Hopes of Rate Cut Recede

By CARL GEWIRTZ
International Herald Tribune

PARIS—Hopes of an imminent cut in U.S. interest rates were put into temporary deep freeze last week. The reassessment was provoked by news late Thursday that, with its debt-limit ceiling temporarily lifted by Congress, the Treasury intended to issue \$61 billion in securities through Nov. 27.

It was no surprise that there was a big backlog of financings as the Treasury had been prevented from tapping the market during the long Congressional impasse over increasing the debt ceiling. But the size of the funding program, which started last Friday, was larger than expected.

Analysts also said that the recent strong rally in bond prices was due for a correction and testing of levels. But the combination of events was enough to knock bond prices down—more sharply in New York than on the Eurobond market. That also was no surprise, as the New York rally had been much stronger.

Most analysts continue to believe that the stream of economic data indicating faltering U.S. economic growth points to an inevitable cut in the discount rate. But that now is seen happening later rather than sooner.

As the Federal Reserve traditionally steers an even-keel policy during major government financing operations, a cut is ruled out until at least the final week of this month and probably, many say, until December.

All this did nothing to facilitate the sale of the fixed-coupon Eurodollar issues launched last week. In fact, they all sank to discounts well exceeding the commissions paid to underwriters: less 3 percent for Bette West Properties (a double-A rated unit of U.S. West Inc., which was part of American Telephone & Telegraph Co. before the court-ordered divestiture), Scandinavian Airlines System and Banque Nationale de Paris.

BNP OFFERED \$100 million of five-year bonds at 100% bearing a coupon of 9 1/2 percent. These are callable after three years at par. The bank also sold warrants to buy a like amount of noncallable bonds. For the first three years, the warrants can be exercised only by surrendering the callable bonds; thereafter, against cash.

Market operators referred to these as phantom warrants because no one had any to trade. The entire amount, priced at \$10 each, was preplaced through Salomon Brothers. They were quoted at the end of the week at \$14 to \$16.

There is a considerable amount of skepticism in the market about these "wedded warrants"—so called because they need to be married to the original callable bond during the first years. At issue is the premium—which many consider to be exorbitant—at which these warrants apparently trade in the secondary market.

Coca-Cola, for example, issued seven-year warrants early this month at \$6.25 each. They were quoted as high as \$35 before settling down to a range of \$25-\$30. The question being asked is who is buying these warrants at that price, and why?

Willy Dunn, a director at Société Générale Strauss Timball in London, one of the major market makers in warrants, says he sees no way of justifying the high premium the market puts on the long life of these wedded warrants.

By way of example, he uses the recent 10 1/2-percent issue from Electricité de France. If interest were to drop one percentage point during the next year, the EDF noncallable bond (which then would have a life of nine years left) would logically be expected to be trading at a price of 106. That 6-percent premium would push down the yield on the nine-year bonds to 9 1/2 percent.

Assuming the difference between four- and nine-year maturities remains constant at 1/4 percent, Mr. Dunn assumes the callable bonds would then trade at a price of 104, to reduce the yield to 9 1/4 percent.

The difference of \$20 between 104—the price that would have to be paid to buy the callable bond in order to exercise the warrants—and the 106 value on the noncallable bond is the value of the warrant if rates drop 1 percent within a year.

In fact, the EDF warrants, which were originally offered at \$16 each, ended the week at \$20-\$24—reasonable compared with the premiums at which some of the other warrants are trading.

The high premiums would seem to reflect expectations that rates will drop much more sharply, either in the first year or during the relatively long life of these warrants. But so long as the

(Continued on Page 13, Col. 1)

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes				Money Rates			
United States				United States			
	Last Wk.	Prev. Wk.	Chg.		Last Wk.	Prev. Wk.	Chg.
DJ Index	1458.32	1443.32	+15.00	Discount rate	7 1/2	7 1/2	
DJ Averages	1458.32	1443.32	+15.00	Federal funds rate	9 1/4	9 1/4	
DJ Industrials	1458.32	1443.32	+15.00	Prime rate	9 1/2	9 1/2	
DJ Trans.	684.24	678.14	+6.10	Japan			
S&P 100	191.02	188.37	+2.65	Discount	5	5	
DJ 900	392.84	392.84	0.00	Call money	7 3/4	7 3/4	
NYSE Comp.	114.30	111.84	+2.46	60-day interbank	7 15/16	7 15/16	
Source: Merrill Lynch, Pich.				West Germany			
				Lombard	5.50	5.50	
				Overnight	4.55	4.55	
				1-month interbank	4.70	4.70	
Britain							
				Bank base rate	11 1/4	11 1/4	
				Call money	12	N.A.	
				3-month interbank	11 3/4	11 3/4	
Hong Kong				Dollar			
				Last Wk.	Prev. Wk.	Chg.	
Hong Seng	7736.67	7722.38	+14.29	30-day Euro Indx	129.30	129.60	-0.30
				Gold			
Nikkei 225	12637.40	12851.05	-1.66	London A.M. Fix.	325.40	321.95	+1.07%
West Germany							
Commerzbank	1474.00	1725.00	-2.48				
Source: Merrill Lynch, Pich.							

New Eurobond Issues

Compiled by Nicole Baruch from information supplied by European bond traders.

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield	Terms
DATING RATE NOTES						
Danske Bank	\$60	2000	1/4	100	99.65	Over 6-month Libor, Callable at par after 1991 and redeemable at par in 1997. Fees 0.70%.
Bank of America	\$125	1995	1/4	100	99.75	Over 6-month Libor, Callable at par after 1988. Backed by U.S. government securities. Fees 0.40%.
United Engineering Construction	\$100	1997	1/4	100	98.12	Over 6-month Libor, 1/4 point for 4 years, 5/16 for 4 years and 3/4 point for 4 years. Callable at par in 1989 and 1993. Fees 1.00%.
Paragon Credit Bank	\$100	1995	1/4	100	99.30	Over 1-month Libor, Maximum coupon 12%, Noncallable. Fees 0.55%.
Alloy	DM1,200	2005	0.10	100	99.32	Over 3-month mark Libor, Callable at par after 1990. Fees 0.60%.
Bank of New Zealand	\$100	1997	1/4	100	99.35	Over 3-month Libor, Callable at par in 1990. Fees 0.35%.
FIXED-COUPON						
BNP Paribas	\$100	1990	9%	100 1/4	97.37	Callable at par after 1988. Also 100,000 warrants, priced at \$10 each, exercisable at par into another 100,000 bonds, noncallable, due 1990. Lender bond can be bought with warrants plus half bond during the first 3 years, then with warrants and cash. Warrants ended the week at \$16.
Westminster Properties	\$200	1992	10%	100 1/4	97.25	Noncallable.
Bank of America	\$100	1995	11	100	97.50	Noncallable.
Swedish Airlines	\$150	1995	10%	100	96.87	Noncallable.
Asahi	\$100	1995	10%	101 1/4	99.25	Noncallable.
Australia	DM150	1990	6%	100	99.50	Noncallable private placement.
Belgium	DM200	1992	6%	100	—	Noncallable private placement.
Bank of Finance	DM100	1997	7	100	97.37	Sinking fund to start in 1996 will produce an 11% average yield.
Bank of Finance	DM150	2000	zero	36 1/4	35.12	Noncallable.
LV. Amey	\$50	1993	11	100 1/4	97.65	Noncallable.
Bank of Netherlands	DM75	1990	7	99 1/4	—	Noncallable private placement.
Remy-Martin	\$250	1990	10%	100 1/4	99.75	Noncallable.
Bank of Denmark	DK300	1992	9%	100	98.00	Noncallable.
Wells Fargo	\$150	1993	9	100 1/4	99.37	Noncallable. Sinking fund to start in 1989 will produce a 5.5% average yield. "Sinking fund for European Public Authorities in North America."
Wells Fargo	\$150	1990	8%	100	99.00	Noncallable. "Sinking fund for European Public Authorities in North America."
Suez Metropolitain	\$350	1995	10%	100 1/4	98.75	Noncallable.
WARRANTS						
Wells Fargo	\$0.15	1988	—	\$16	—	Each warrant is exercisable at 10% into a \$1,000 note of U.S. Treasury 9% of 1990.
EQUITY-LINKED						
ABC Finance	\$100	1992	5%	100	104	Noncallable. Each \$5,000 bond with 23 warrants each exercisable into one of company's common shares at \$10. Each warrant is exercisable at 10% into a \$1,000 note of U.S. Treasury 9% of 1990.
Wells Fargo	\$100	1990	open	100	101	Coupon indicated at 50%. Noncallable. Each \$5,000 note with one warrant exercisable into company's common shares at an expected 25% premium. Terms to be set Nov. 19.

Fixed-Coupon Issues Lack Luster

(Continued from Page 11)

arrants remain wedded to the callable bonds. The value of the warrant will be limited by the increase in the value of the callable bond.

This leads to a situation that investors who buy these warrants, hoping for a fantastic capital gain, are confusing them with a high-flying classic warrant at once were the vogue. Those warrants simply required holders to put up cash to buy at par a fixed-coupon bond.

But the current wave of warrant sales, requiring in the early years at payment to be effected through the surrender of the callable paper, is different. The warrant holder must either pay the premium to buy the callable bond or, if he already holds the bond, lose the premium at which it is trading by surrendering the paper at face value.

Not until later years, when these added warrants get divorced from the callable bond and can be exercised for cash, will these warrants come unencumbered.

So why is the current premium paid for these warrants so high? No one can explain that. The answer simply is that the market knows it's the price someone is willing to pay.

So who are these speculators? The experts agree that the big institutional investors are buyers of the warrants at the initial offering and then later on in the secondary market. Still unanswered is this question: Who is paying the high premiums quoted in the secondary market to buy the paper, and why? A variation on the wedded-on theme was introduced last week by Salomon Brothers, which had 150,000 of late-blooming warrants. These have a life of five years, but can be exercised only in a final two years to buy, at a price of 101 1/4, the 9% percent Treasury notes maturing on Nov. 15, 1990. A Salomon spokesman said that the structured exercise period makes the warrants less valuable than an unstructured one and that it was structured to appeal to its clients who are willing to pay \$16 for each.

In the floating-rate market, the huge new business has slowed to a reduced demand. The tempo problem here is that the yield curve, which normally sets a steady progression upward from the short maturities to the longer maturities, is now flat. The cost of money in one to six months is identical to the London interbank offered rate at 8 1/2 percent.

This means there is no profit for banks, the biggest takers of FRNs, to normally borrow one-month money to buy paper priced at the one- to six-month rate and pocket a difference. There may even be a loss of investment, with one-month rates higher than the longer-dated rates.

That is because the U.S. government's sale of cash-management bills is putting upward pressure on overnight money while the three- to six-month rates, reflecting the anticipated cut in the discount rate, are under pressure to decline.

The Deutsche mark floater market saw its second-largest issue last week — 1.2 billion DM of 15-year

paper for Malaysia — paying 10 basis points, or 0.10 percent, over the three-month interbank rate. This was deemed too big an issue for a developing country at too low a margin.

The tone in the fixed-rate market was weak, reflecting the continuing heavy supply of new issues and uncertainty about the exchange rate.

The only real bright spot in the nondollar sector remained the

Refinancings Dominate International Market

By Carl Gewirtz

International Herald Tribune

PARIS — Refinancings, whereby borrowers prepay outstanding debt and replace it with lower-cost new debt, were the main feature of the international credit market last week.

Chrysler, which recently obtained a \$2.6-billion credit to pay for its purchase of FinanceAmerica,

SYNDICATED LOANS

ica, a consumer-credit company, from BankAmerica Corp., tapped the Euromarket for a lower-cost \$1-billion, three-year facility.

If Chrysler draws on the banks underwriting this facility, it will pay a margin of 15 basis points, or 0.15 percent, over the London interbank offered rate for up to half the amount and 30 basis points over Libor for more than that. By contrast, it paid 37.5 basis points over Libor for the original \$2.6-billion.

The annual underwriting fee on the transaction fluctuates between 10 and 15 basis points, depending on how Chrysler uses the facility. If it asks underwriters to tender bids for short-term Euronotes, the lower fee will persist. But if it does not use the facility or if it draws directly on the banks, it will pay the higher fee.

Sotby's is also refinancing existing debt by arranging a \$100-million, seven-year facility. Of this, \$60 million is earmarked as a revolving credit on which the privately owned auction house will pay a commitment fee of 3 percent on the amount that is not drawn and \$40 million is a term loan that will be drawn immediately. Sotby's will pay 1/4 point over Libor on its drawings.

Portugal is refinancing two seven-year loans totaling \$650 million taken out two years ago on which it was paying 1/4 point and 1/2 point over Libor. Interest on the new five-year loan is set at 1/4 point over Libor. Portugal is also paying a 1/4-percent renegotiation fee and front-end commissions ranging up to 7.5 basis points.

Italy's electricity agency ENEL, which had been paying 1/4 point over the prime rate or the adjusted rate for certificates of deposit, which was higher, has renegotiated the rate on the remaining \$247.5 million of its loan to 45 basis points over the adjusted CD rate.

Turkey's Ziraat Bankasi is tapping the syndicated loan market for a \$100-million, one-year export financing. It will pay 1/4 point over

high-coupon French franc market. Remy Martin offered 250 million francs of five-year, 10%-percent notes at 100 1/4 and ended the week at a modest discount of 1/4 percent. A drop in domestic short-term rates, taken as an indication that coupon rates will be declining, gave the market an added fillip.

Unlever will be the next borrower to tap this market, offering 250 million francs of seven-year notes late this week.

Libor and front-end commissions of up to 40 basis points.

Hyundai Engineering & Construction of Korea raised \$100 million through the sale of 12-year floating-rate notes. But the pricing on this paper clearly reflected that it was a syndicated credit dressed up as a capital market transaction. The margin, which starts at 1/4 point over Libor, rises every four years by 1/16 percent. Holders can request redemption at each four-year margin change.

Algeria's rural development bank, recently created to finance agriculture, is planning its first entry into the market and is seeking terms for a loan of up to \$500 million.

National & Provincial Building Society is raising \$75 million through a seven-year transferable loan facility. It will pay 1/4 point over the domestic rate for three- or six-month sterling deposits and guarantees that this will never be lower than 5 percent.

An affiliate of the Bank of Scotland, Automobile Association Financial Services, is seeking \$250 million in either "bankers' acceptances or cash advances. This will be a three-year "evergreen" giving the borrower the right to ask lenders to annually add another year to the maturity. Lenders will be paid a margin of 1/4 percent.

NBC to Move Out Of RCA Building In Mid-Manhattan

New York Times Service

NEW YORK — National Broadcasting Co. is planning to move its headquarters from the Rockefeller Center site in New York City that it has occupied since 1932, company and city officials said.

The officials said Friday that the network was reviewing several proposals in Manhattan and at least one in northern New Jersey to meet its need for more space and modern studios. The network, whose leases at Rockefeller Center expire between 1989 and 1997, is expected to decide on a new site by February.

Refurbishing the current headquarters at 30 Rockefeller Plaza, would cost "hundreds of millions of dollars," an NBC spokesman said. He added that the network's space has become "very prime real estate and not economic for studios."

T-Bonds Rise In Spite of Big Auction

By H.J. Maidenberger

New York Times Service

NEW YORK — Despite a severe tightening of credit caused by heavy government borrowings Friday, prices of Treasury securities rebounded in late trading to close moderately higher. The best gains were in the intermediate maturities.

With the interbank overnight lending rates at 9 percent at the opening and the Treasury poised to auction \$22 billion of cash manage-

U.S. CREDIT MARKETS

ment bills, the Federal Reserve took the uncommon prelate action of announcing that it would ease credit with repurchase agreements.

Friday's sale, in units of \$10 million, was heavily oversubscribed and consisted of \$18 billion of 14-day and \$4 billion of 69-day bills.

The amount of the Fed's repurchase agreements was believed to be small because dealers are short of collateral Treasury paper.

The Fed's move, which allowed dealers to pawn government securities over the weekend, only served to shave the interbank lending rate by 1/4 point. But with the Treasury asking same-day payment for the \$22 billion of cash management bills, the Fed's action prevented a much tighter credit situation.

Closing discount rates on 90-day bills in the secondary market were bid basically unchanged at 7.35 percent; so were the six-month issue at 7.38 percent. The one-year bills lost 5 basis points at 7.38.

At the long end of the Treasury market, the 10 1/2% of 2005 climbed 9/32, to 103 24/32, for a yield of 10.30 percent. The benchmark 10% of 2015 gained 8/32, or a quarter point, to close at 104 17/32, to yield 10.14 percent.

U.S. Consumer Rates

For Week Ended Nov. 15

Passbook Savings	5.50 %
Time Deposit	6.00 %
Money Market Funds	7.45 %
Bank Money Market Accounts	6.88 %
Home Mortgage	12.61 %
FHLB average	

EUROPEAN COMMUNITY

Antitrust Reform Aims to Boost Joint Ventures

By Steven J. Dryden

International Herald Tribune

BRUSSELS — The executive Commission of the European Community is planning new antitrust guidelines to encourage joint ventures.

Peter Sutherland, the EC commissioner for competition policy, said last week that while restraints were still necessary, the Commission would take a pragmatic approach because joint ventures were important for the growth and global competitiveness of European businesses.

The new guidelines Mr. Sutherland is planning, which are to be published within the next few months, were outlined in a speech he made in Brussels.

Mr. Sutherland said the EC's competition rules would apply to joint ventures only if the partners' combined market share exceeded 5 percent, regardless of their aggregate turnover. In general, he added, partners with combined market share of up to 15 percent would not be considered to be distorting the competitive structure of the market.

The latter guidelines will also apply to joint ventures that include

distribution, and the 15-percent threshold is not seen as a strict limit, Mr. Sutherland indicated.

EC Envoy Returning To Turkey After Flap

Gwyn Morgan, the EC representative to Turkey, is to return to Ankara this week after a controversy there over the unplanned publication of a private report he submitted criticizing the government's human rights record.

Mr. Morgan had sent the report, which contained the assessments of EC ambassadors in Ankara, to John Taylor, the European Parliament's adviser on human rights. It was delivered, evidently by mistake, to a European Parliament member from Northern Ireland who is also named John Taylor.

The parliamentarian, who in the past has criticized Mr. Morgan for harming EC-Turkish relations, gave the report to Turkish diplomats.

His contents ended up in the hands of the Turkish press, which accused Mr. Morgan of slandering the government. He left Ankara several weeks ago after the furor began.

Relations between the community and Turkey were already poor. The EC suspended financial assistance to Turkey after the military seized power in 1980.

In September, the EC unilaterally restricted imports of Turkish-made clothing after talks to limit the imports failed. The issue of Turkish immigration into the community is also sensitive, with West Germany pressing for continued controls.

ECU Unknown to Many

In Europe, Survey Shows

Despite its increasing popularity among bankers and traders, the European currency unit is still relatively unknown to the general public, according to a recent survey.

A Gallup poll sponsored by three European banks asked a total of 6,552 people in seven EC countries about the ECU, which was created almost seven years ago.

In Belgium, France and Luxembourg, about 60 percent of those questioned knew of the ECU. In West Germany, Italy and the Netherlands, the rate was about 30 percent.

In Britain, which unlike the other nations polled does not participate in the European Monetary System,

only 10 percent of those asked had heard of the ECU.

Overall, 32 percent of those questioned were in favor of a European currency replacing national ones, while 38 percent were adamantly against the suggestion. The percentages against were highest in the Netherlands, West Germany and Britain.

Almost 60 percent of those polled were in favor of a European currency existing side-by-side with national currencies.

Freeze on VAT Rates Sought by Commission

The Commission has asked the Council of Ministers to approve a freeze on changes in value-added tax rates in member states.

The proposal, which is to be followed by efforts to harmonize tax rates, is considered a key part of the Commission's efforts to complete the creation of the EC's common market.

The uneven rates, which vary as much as 11 percent, are seen as creating barriers to trade inside the community.

In a related move, the Commission has also signaled its intentions regarding standards for the trade and marketing of foodstuffs. The Commission plans to propose that communitywide rules be adopted guaranteeing health, safety and fair competition, but that otherwise there be no restraints.

China's Disappointing Oil Strikes

(Continued from Page 11)

important untapped source of petroleum in the world.

"Even the most conservative estimates are staggering," the weekly U.S. magazine Newsweek said in 1975. "Some Western oilmen and intelligence experts even equate Chinese reserves with those of the entire Middle East."

Now, oil company executives look back ruefully on those days of rosy expectations.

"Everyone was so optimistic at the outset, particularly the Chinese," said Murray C. Hudson, president of Esso China Ltd. "They thought all we had to do was sink one well and come up with major finds."

So far, Esso has drilled nine wells off the China coast and brought in "only one that has given us any encouragement," Mr. Hudson said. As a result, he said, "we think any discoveries are likely to be small; we don't think there are any major

discoveries of Middle Eastern levels."

In the first round of bidding for offshore oil exploration that began in 1982, China signed 19 contracts with 28 companies representing nine different countries. The final contract in this first round was signed Nov. 12 between the CNOOC and Amoco Orient Petroleum Co., a subsidiary of the U.S. company.

According to figures published by the Xinhu news agency, these contracts have resulted in the drilling of 49 wells. Of these, seven have shown oil and gas flow.

Why have the results been so much poorer than expected? A number of explanations have been offered in recent years. Some oil executives say the main problem is the nature of the oil being found off the China coast.

"Chinese oil, as far as I can see, is very high in wax content, and so it's hard to flow," said Mr. Wood of

British Petroleum. "You're going to have to produce a lot of wax to get any reasonable accumulation."

Another executive, who asked not to be identified by name, said that Chinese officials forced the oil companies to bid against one another in the dark, without letting the companies see the available geological data.

"We didn't have access to the Ministry of Geology's logs," this official said. "We all made huge commitments, which we regret now."

For their part, Chinese officials tend to put some of the blame on the oil companies, suggesting that they have been less than skillful in their drilling techniques.

"The location of the first wells was not very accurate," Ma Qifu, deputy general manager of Nanhai East Oil Corp., a Canton-based subsidiary of CNOOC, said in an interview last year.

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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.

Prices may vary according to market conditions and other factors.

(Continued from Page 12)

Am	Security	%	Met	Price	Yld	Life	Cur
100	North American Philips	12 1/2	100	112 1/2	12 1/2	12 1/2	12 1/2
100	North American Philips	12 1/2	100	112 1/2	12 1/2	12 1/2	12 1/2
100	North American Philips	12 1/2	100	112 1/2	12 1/2	12 1/2	12 1/2
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100	North American Philips	12 1/2	100	112 1/2	12 1/2	12 1/2	12 1/2

FOREIGN TARGETED BONDS OF THE U.S.

TREASURY AND OF ITS AGENCIES

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DM STRAIGHT BONDS

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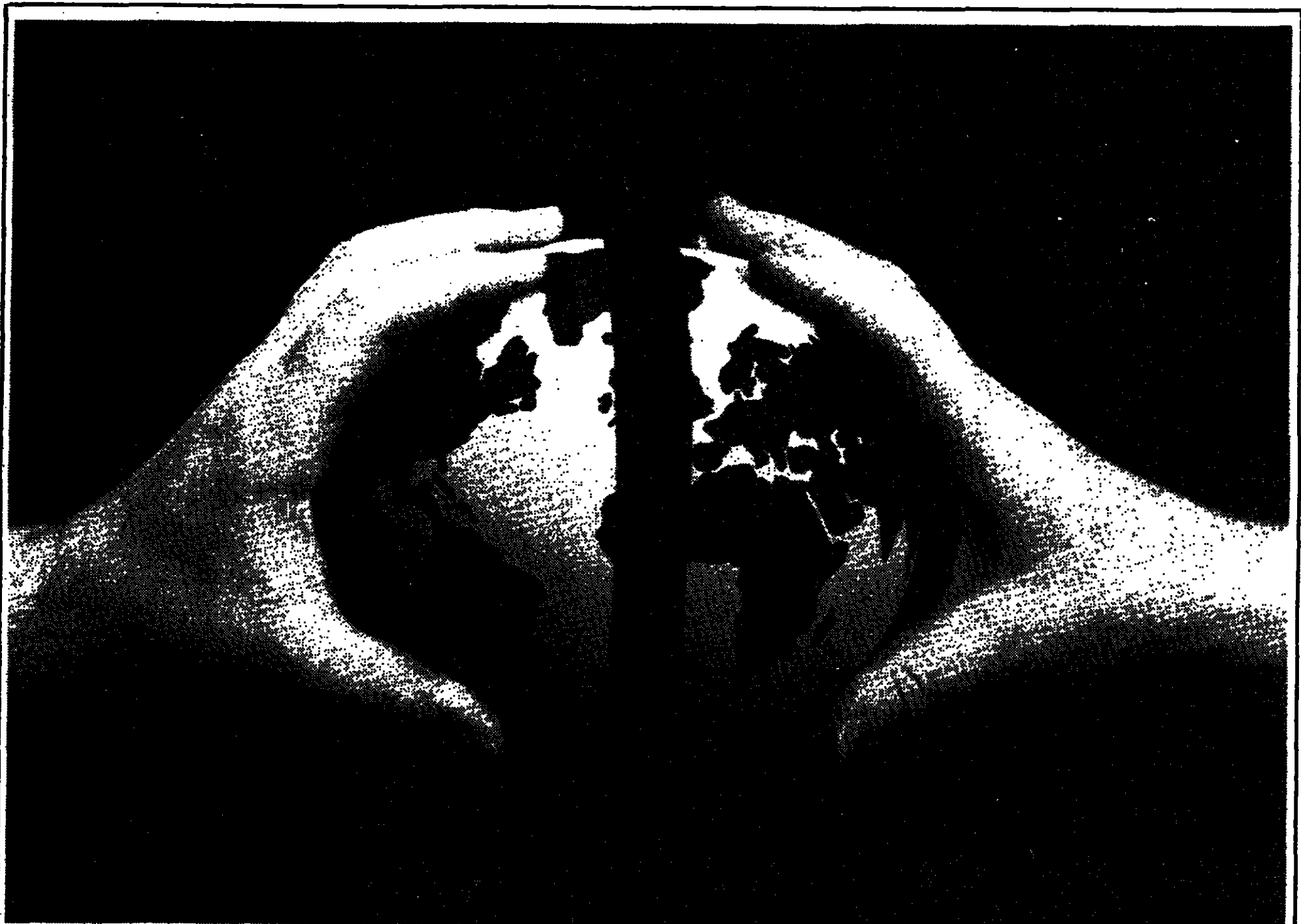
NASDAQ National Market

OTC Consolidated trading for week ended Friday

Sales in 100s				High		Low		Close		Net	
A				B		C		D		E	
30	33	34	35	36	37	38	39	40	41	42	43
34	35	36	37	38	39	40	41	42	43	44	45
35	36	37	38	39	40	41	42	43	44	45	46
36	37	38	39	40	41	42	43	44	45	46	47
37	38	39	40	41	42	43	44	45	46	47	48
38	39	40	41	42	43	44	45	46	47	48	49
39	40	41	42	43	44	45	46	47	48	49	50
40	41	42	43	44	45	46	47	48	49	50	51
41	42	43	44	45	46	47	48	49	50	51	52
42	43	44	45	46	47	48	49	50	51	52	53
43	44	45	46	47	48	49	50	51	52	53	54
44	45	46	47	48	49	50	51	52	53	54	55
45	46	47	48	49	50	51	52	53	54	55	56
46	47	48	49	50	51	52	53	54	55	56	57
47	48	49	50	51	52	53	54	55	56	57	58
48	49	50	51	52	53	54	55	56	57	58	59
49	50	51	52	53	54	55	56	57	58	59	60
50	51	52	53	54	55	56	57	58	59	60	61
51	52	53	54	55	56	57	58	59	60	61	62
52	53	54	55	56	57	58	59	60	61	62	63
53	54	55	56	57	58	59	60	61	62	63	64
54	55	56	57	58	59	60	61	62	63	64	65
55	56	57	58	59	60	61	62	63	64	65	66
56	57	58	59	60	61	62	63	64	65	66	67
57	58	59	60	61	62	63	64	65	66	67	68
58	59	60	61	62	63	64	65	66	67	68	69
59	60	61	62	63	64	65	66	67	68	69	70
60	61	62	63	64	65	66	67	68	69	70	71
61	62	63	64	65	66	67	68	69	70	71	72
62	63	64	65	66	67	68	69	70	71	72	73
63	64	65	66	67	68	69	70	71	72	73	74
64	65	66	67	68	69	70	71	72	73	74	75
65	66	67	68	69	70	71	72	73	74	75	76
66	67	68	69	70	71	72	73	74	75	76	77
67	68	69	70	71	72	73	74	75	76	77	78
68	69	70	71	72	73	74	75	76	77	78	79
69	70	71	72	73	74	75	76	77	78	79	80
70	71	72	73	74	75	76	77	78	79	80	81
71	72	73	74	75	76	77	78	79	80	81	82
72	73	74	75	76	77	78	79	80	81	82	83
73	74	75	76	77	78	79	80	81	82	83	84
74	75	76	77	78	79	80	81	82	83	84	85
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80	81	82	83	84	85	86	87	88	89	90	91
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85	86	87	88	89	90	91	92	93	94	95	96
86	87	88	89	90	91	92	93	94	95	96	97
87	88	89	90	91	92	93	94	95	96	97	98
88	89	90	91	92	93	94	95	96	97	98	99
89	90	91	92	93	94	95	96	97	98	99	100
90	91	92	93	94	95	96	97	98	99	100	101
91	92	93	94	95	96	97	98	99	100	101	102
92	93	94	95	96	97	98	99	100	101	102	103
93	94	95	96	97	98	99	100	101	102	103	104
94	95	96	97	98	99	100	101	102	103	104	105
95	96	97	98	99	100	101	102	103	104	105	106
96	97	98	99	100	101	102	103	104	105	106	107
97	98	99	100	101	102	103	104	105	106	107	108
98	99	100	101	102	103	104	105	106	107	108	109
99	100	101	102	103	104	105	106	107	108	109	110
100	101	102	103	104	105	106	107	108	109	110	111
101	102	103	104	105	106	107	108	109	110	111	112
102	103	104	105	106	107	108	109	110	111	112	113
103	104	105	106	107	108	109	110	111	112	113	114
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106	107	108	109	110	111	112	113	114	115	116	117
107	108	109	110	111	112	113	114	115	116	117	118
108	109	110	111	112	113	114	115	116	117	118	119
109	110	111	112	113	114	115	116	117	118	119	120
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111	112	113	114	115	116	117	118	119	120	121	122
112	113	114	115	116	117	118	119	120	121	122	123
113	114	115	116	117	118	119	120	121	122	123	124
114	115	116	117	118	119	120	121	122	123	124	125
115	116	117	118	119	120	121	122	123	124	125	126
116	117	118	119	120	121	122	123	124	125	126	127
117	118	119	120	121	122	123	124	125	126	127	128
118	119	120	121	122	123	124	125	126	127	128	129
119	120	121	122	123	124	125	126	127	128	129	130
120	121	122	123	124	125	126	127	128	129	130	131
121	122	123	124	125	126	127	128	129	130	131	132
122	123	124	125	126	127	128	129	130	131	132	133
123	124	125	126	127	128	129	130	131	132	133	134
124	125	126	127	128	129	130	131	132	133	134	135
125	126	127	128	129	130	131	132	133	134	135	136
126	127	128	129	130	131	132	133	134	135	136	137
127	128	129	130	131	132	133	134	135	136	137	138
128	129	130	131	132	133	134	135	136	137	138	139
129	130	131	132	133	134	135	136	137	138	139	140
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135	136	137	138	139	140	141	142	143	144	145	146
136	137	138	139	140	141	142	143	144	145	146	147
137	138	139	140	141	142	143	144	145	146	147	148
138	139	140	141	142	143	144	145	146	147	148	149
139	140	141	142	143	144	145	146	147	148	149	150
140	141	142	143	144	145	146	147	148	149	150	151
141	142	143	144	145	146	147	148	149	150	151	152
142	143	144	145	146	147	148	149	150	151	152	153
143	144	145	146	147	148	149	150	151	152	153	154
144	145	146	147	148	149	150	151	152	153	154	155
145	146	147	148	149	150	151	152	153	154	155	156
146	147	148	149	150	151	152	153	154	155	156	157
147	148	149	150	151	152	153	154	155	156	157	158
148	149	150	151	152	153	154	155	156	157	158	159
149	150	151	152	153	154	155	156	157	158	159	160
150	151	152	153	154	155	156	157	158	159	160	161
151	152	153	154	155	156	157	158	159	160	161	162
152	153	154	155	156	157	158	159	160	161	162	163
153	154	155	156	157	158	159	160	161	162	163	164
154	155	156	157	158	159	160	161	162	163	164	165
155	156	157	158	159	160	161	162	163	164	165	166
156	157	158	159	160	161	162	163	164	165	166	167
157	158	159	160	161	162	163	164	165	166	167	168
158	159	160	161	162	163	164	165	166	167	168	169
159	160	161	162	163	164	165	166	167	168	169	170
160	161	162	163	164	165	166	167	168	169	170	171
161	162	163	164	165	166	167	168	169	170	171	172
162	163	164	165	166	167	168	169	170	171	172	173
163	164</										

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(Continued on Page 16)



Arab Bank Limited

bringing our worlds together

For over fifty five years now the Arab Bank has been working to bring our worlds together. A truly international network with more than 80 worldwide branches and affiliates, the Arab Bank works literally around the clock to perform services for its clients, to strengthen economic relations between the Arab countries and the outside world and to provide an insight into the complex and lucrative Arab markets. Our branches and affiliates span four continents: Asia; Africa; Europe and America with key offices in all of the world's major money centres. We offer a full range of international banking services. Demand and time deposit accounts. Trade and project finance. Medium and long term credit. Foreign

exchange services. Corporate and merchant banking. Correspondent banking and important advisory services.

Quite naturally, our main business is Arab business. The majority of our offices are concentrated in the Middle Eastern markets and our branch managers are experts in all markets and their distinctive differences. We are amongst

the largest financial institutions in our area with over \$12 billion in assets, decades of growth and contacts throughout the Arab world.

As the world gets smaller and markets more competitive, the Arab Bank is always there to give you that edge in Arab markets.

If you are considering negotiating any business in the Middle East why not contact us first? - You will be pleased with our expertise and advice.



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REPUBLIC OF TUNISIA
MINISTRY FOR THE NATIONAL ECONOMY
GAFSA PHOSPHATES COMPANY
INTERNATIONAL INVITATION TO TENDER
N P 3766

The Gafsa Phosphates Company hereby launches an International Invitation to Tender with a view to purchasing the following machinery, for exploitation of the phosphate quarries in the basin of Gafsa:

1. eight (8) tyre-wheeled loaders, 375 H P, 10 tonnes
2. six (6) dumper trucks, 32 metric tonnes
3. ten (10) drilling machines
4. ten (10) adapted compressors

The companies interested in the above may obtain a copy of the Schedule of Conditions against payment of 50 DT (fifty Dinar) from the "Service General, 9 rue du Roussme, d'Archie Stoudite, 1035 Tunisia". Tenders in the French language must reach "Monsieur le Directeur des Achats de la C.P.G. 2130 Mellouli (Tunisia)" before 10.00 hours on the 5th December 1985.

The outer envelope must be marked as follows:

"Appel d'offre N° P 3766
Engins de Carrières

Engins de Carrières
Ne pas ouvrir avant le 6/12/85."

The envelopes will be opened at 10.00 hours on

Any tender received by telex or after the above mentioned date will not be

Any tender received by telex or after the above mentioned date will not be considered.



REPUBLIK TUNESIEN
MINISTERIUM FÜR VOLKSWIRTSCHAFT
GAFSA PHOSPHATES COMPANY
INTERNATIONALE ABSCHEIDUNG N.P. 3766

Die Galsa Phosphate Company fordert mit der Absicht, Bergbaumaschinerie für die Untertageschließung der Phosphatgruben im Galsa zu kaufen, zu internationalen Lieferverträgen für nachstehende Ausrüstung auf:

1. acht (8) luftbereite Lader, 375 H.P., 10 Tonnen
2. sechs (6) Autoschütter, 32 metrische Tonnen
3. zehn (10) Bohrmaschinen
4. zehn (10) adjutierte Kompressoren

An dieser Ausschreibung interessierte Gesellschaften können gegen Zahlung der Summe von 50 Dinar (fünzig Dinar) vom Service Général, 9 rue du Royaume de l'Arabie Saoudite 1035 Tunisien.

Angebote, in französischer Sprache müssen "Monsieur le Directeur des Achats de la C.P.C., 2130, Meclauoi (Tunisien)" spätestens am 5. Dezember 1985 vor 10.00 Uhr vorliegen. Der äussere Umschlag ist wie folgt zu beschriften:

"Appel d'offre N° 3766

Engins de Carrieres

Die Umschlüge werden am 6. Dezember um 10.00 Uhr in der "Direction des Achats a Metlaoui" geöffnet.
Nach diesem Datum eingehende fernschriftliche Angebote können nicht berück-

